Appendix A-1

	FY07	FY08	FY09	FY10
Matrix Calculations		Recalibration		
School Size	500	500	500	500
K = 8% of students	40	40	40	40
Grades 1-3 = 23% of students	115	115	115	115
Grades 4-12 = 69% of students	345	345	345	345
Staffing Ratios				
K P:T ratio = 20:1	2.0	2.0	2.0	2.0
Grades 1-3 P:T ratio = 23:1	5.0	5.0	5.0	5.0
Grades 4-12 P:T ratio = 25:1	13.8	13.8	13.8	13.8
PAM = 20% of classroom	4.2	4.14	4.14	4.14
Total Classroom Teachers	25.0	24.94	24.94	24.94
Special Ed Teachers	2.9	2.9	2.9	2.9
Instructional Facilitators	2.5	2.5	2.5	2.5
Librarian / Media Specialist	0.7	0.825	0.825	0.825
Guidance Counselor & Nurse	2.5	2.5	2.5	2.5
Total Pupil Support Personnel	8.6	8.725	8.725	8.725
SUBTOTAL	33.6	33.665	33.665	33.665
Principal	1.0	1.0	1.0	1.0
Secretary	0.0	1.0	1.0	1.0
Total School-Level Personnel	34.6	35.665	35.665	35.665
School-Level Salaries				
Teacher Salary + Benefits	52,321	54,888	55,954	57,073
Per Student Matrix Expenditure	3,516	3,695.6	3,767.4	3,842.7
Principal Salary + Benefits	76,336	86,168	87,860	89,617
Per Student Matrix Expenditure	153	172.3	175.7	179.2
School-level secretary	0	34,751	35,416	36,123
Per Student Matrix Expenditure	0	69.5	70.8	72.3
School-Level Salaries Per Student	3,669	3,937.4	4,013.9	4,094.2
School-Level Resources				
Teacher Continuing Ed Pay (5 days)	96	0.0	0.0	0.0
Technology	186	220	201	205
Instructional Materials	268	160	163.2	166.5
Extra Duty Funds	97	50	51.0	52
Supervisory Aides	37	49.35	50.35	51.4
Substitutes	59	59	59	60.2
School-Level Resources Per Student	742	538.4	524.6	535.1
Carry-Forward				
Operations & Maintenance	n/a	581	581	592.6
Central Office	n/a	376	383.5	391.2
Transportation	n/a	286	286	291.7
Carry-Forward Per Student	1,206	1,243.0	1,250.5	1,275.5
Foundation Per Pupil Expenditures	5,620	5,719	5,789	5,905
Retirement	42	0.0	0.0	0.0
Matrix Foundation Per Student	5,662	5,719	5,789	5,905
		57	70	116
Increase per ADM		1.0%	1.2%	2.0%
Enhanced Funding Per Student		51.0	36.0	35.0
Matrix Foundation + Enhanced Per Student		5,770.0	5,825.0	5,940.0

Categorical Program Funding	Base Cost	FY08&09 ADJ	New Cost	FY10 ADJ
ELL	195	0.4/1 to 0.6/1	293	0
ALE	3,250	15/1 to 12/1	4,083	0
NSLA	460	1.0328	496	0
	960	1.0328	992	0
	1,440	1.0328	1,488	0
PD	50	0	50	0

Appendix B-1

Arkansas Department of Education
Rules Governing Athletic Expenditures for Public School Districts

September 2007

1:00 Regulatory Authority

1.01 These rules are enacted pursuant to the Arkansas State Board of Education authority under A.C. A. §§ 6-11-105, and 6-20-2000 et seq., 6-16-137, and Act 255 of 2007 Regular Session.

1.02 These rules shall be known as the Arkansas Department of Education Rules Governing Athletic Expenditures for Public School Districts.

2:00 Purpose

2.01 The purpose of these rules is to establish the procedures to be followed by public school districts in coding and implementing financial reporting of athletic expenditures.

3:00 Definitions

For the purposes of this rule, the following terms shall mean:

3.01 "Arkansas Activities Association" means the organization which serves as the centralized governing agency for all interschool athletic competitions.

3.02 "Athletic Coach" An employee of a district who is assigned direct responsibility for guiding a team engaged in an athletic program and competing with other schools subject to the regulations of the AR Activities Association.

3.03 "Athletic Expenditures" means all direct and indirect expenses related to interschool athletic programs, prorated if necessary.

"Classroom Teacher" means an individual who is required to hold a teaching license from the Department of Education and who is engaged directly in instruction of students in a classroom setting for more than seventy percent (70%) of the individual's contracted time.

3.04 "Interschool Athletic Program" means any athletic program which is organized primarily for the purpose of competing with other schools, public and/or private or any athletic program subject to regulation by the Arkansas Activities Association.

3.05 "State Funds" means all money derived from state revenues, specially including but not limited to, distributions from the Department of Education and ad valorem property taxes distributed to a public School district.

4:00 Financial Coding Requirements

4.01 These financial coding requirements shall be in effect for the 2007-2008 school year.

4.02 All athletic expenditures must be charged to a budget unit containing the appropriate fund, source of fund, function, and location codes.

4.03 The program code 115 must be used for all athletic expenditures.

4.04 Salaries and benefits of a classroom teacher assigned to a class of students participating in an interschool athletic program must be coded as an athletic expenditure even if the course is offered for physical education credit.

4.05 Expenditures for property insurance, utilities, and all other maintenance expenditures must be charged to athletics based upon the portion of the expenditures used to support athletic activities.

4.06 Districts may use an allocation method to identify the portions of district expenditures used to support athletic activities. The allocation method approved by ADE is to allocate these costs based on the percentage of athletic salaries paid from the teacher salary fund compared to total salaries paid from the teacher salary fund.

4.07 All allocation methods are subject to Legislative Audit review and must be well documented.

4.08 All travel, including bus-related operation and maintenance, to and from any interschool athletic program event for students, faculty, spirit groups, band, or patrons of the district must be coded as athletic expenditures. Travel shall be based on logged miles times the current state average transportation cost per mile unless the district's cost per mile is higher than the state's average.

4.09 The district must use the state-wide average student transportation cost per mile as determined by ADE. Districts must maintain all documentation supporting any logged athletic transportation miles.

5.00 Salaries and Benefits for Coaches

5.01 Coaching stipends and related benefits must be charged to athletics.

5.02 All pay for extended contract days pertaining to athletics and the related benefits to those days of pay must be charged to athletics.

5.03 The base salary contract for athletic coaches as indicated by the district's base teacher's salary schedule must be allocated between athletics and nonathletics if during the school day, the athletic coach is assigned to classes for students participating in an interschool athletic program.

5.04 For purposes of allocating salaries and benefits of athletic coaches, preparation periods in excess of one period must be allocated to athletics.

5.05 Current year salaries and benefits should be used by districts for allocation calculations. The allocation percentage can be determined immediately following the last payroll for the current school year.

5.06 Salaries paid to interschool athletic program personnel in positions requiring a teaching license must be paid from the teacher salary fund and will, therefore, always be considered paid from state funds.

6.00 Required Reporting

6.01 School districts must provide to the Department of Education an annual report of prior year athletic expenditures and current year budgets by September 15 of each year.

6.02 The content for the required athletic expenditure report is obtained from information districts submit in cycle 1.

6.03 ADE shall produce the required report and budget required in Section 6.01 from information submitted by the districts regarding athletics expenditures and district budgets.

6.04 The report shall include athletic expenditures from state funds only and budgets from state funds only.

6.05 The athletic expenditure report shall include the total number of coaches assigned per district.

7.00 Revenues

7.01 Gate receipts, private donations made directly to the school district, revenues from fund raisers, and any other non-state revenue pertaining to the athletic programs shall be deposited in the activity fund (Fund 7). Funds raised for shared building projects or shared equipment purchases may be transferred to the appropriate fund.

8.00 Required Reviews

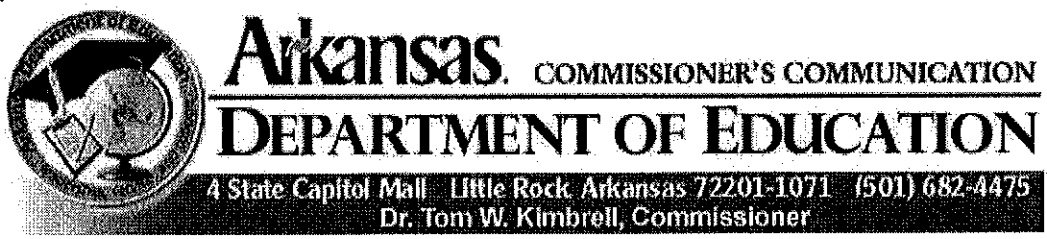
8.01 The Division of Legislative Audit shall conduct a review of athletic expenditure reports and Department of Education rules.

8.02 Legislative Audit shall annually review twenty percent (20%) of the districts to evaluate the district's implementation of current laws and rules.

8.03 If Legislative Audit determines that for any given year the Division has insufficient staff to conduct the reviews as required by Act 255 of the regular 2007 session, then the Division may establish the number of districts that will be reviewed for that year.

9.00 Sanctions

9.01 Any school district failing to comply with the provisions of A.C.A. § 6-20-2003(b) and the rules adopted by the state board for the implementation of required reporting of athletic expenditures shall be identified by the Department of Education to be in fiscal distress in accordance with A.C.A. § 6-20-1901 et seq.



Memo Number : COM-08-156 **Date Created :** 06/06/2008

Attention:

Superintendents
Co-op Directors
other: General Business Managers

Type of Memo: Informational

Response Required: No

Section: APSCN - Bill Goff, Director

Subject:
Athletic Expenditures and Allocations

Regulatory Authority:
A,C.A. §6-20-2002 & 6-20-2003 (amended by Act 255 of 2007)A.C.A. §6-20-2203(amended by Act 1006 of 2007)

Contact Person:
Kathleen Crain

Phone Number:
501-682-4887

E-mail:
kathleen.crain@arkansas.gov

Act 255 of 2007 requires the Division of Legislative Audit to conduct an annual review of the athletic expenditures reported to the Arkansas Department of Education (ADE) on a rotating basis so that each public school district is evaluated at least once every five (5) years. During the 2007-2008 school year, Legislative Audit reviewed the 2006-2007 athletic expenditures of 50 school districts and presented its findings to the Legislative Joint Auditing Committee on February 8, 2008. A copy of that report can be found on Legislative Audit's web site at www.arklegaudit.gov. Look under "Special Reports" and do a search on "Athletic Expenditures".

One of Legislative Audit's recommendations was that ADE require a uniform method for districts to employ allocating and reporting all athletic expenditures. Some district expenditures relate to multiple programs and/or functions and the amount pertaining to each program and/or function must be estimated by the use of an allocation method. The following allocation methods pertaining to athletic expenditures are recommended for the 2007-2008 school year and are required beginning with the 2008-2009 school year:

Transportation - Multiply bus miles pertaining to athletics by the statewide average cost per mile. The rate for the 2007-2008 school year is based on 2006-2007 expenditures and route miles and equals $3.56 per mile. Act 255 of 2007 defines athletic transportation as "Travel, including bus-related operation and maintenance, to and from any Interschool Athletic Program event for students, faculty, spirit groups, band, or patrons of the school district." Of the $3.56, $1.42 relates to salaries and benefits of bus drivers. In some cases, a bus for an athletic event may be driven by a volunteer or by a coach who receives a coaching stipend that includes driving buses for athletic events. If the bus driver is not compensated for the athletic trip, or if the compensation is included in a stipend already charged to athletics, the rate of $2.14 (3.56-1.42) per mile should be applied.

Property Insurance, Utilities, and Maintenance Expenditures -
After the last payroll for the year, total all expenditures charged to athletic certified salaries (Fund 1, Program Code 115) and divide by all certified salaries (Fund 1 total expenditures). Multiply this factor, carried to five decimal places, times total Property Insurance expenditures to determine the portion of Property Insurance to allocate to athletics. Multiply this factor times total Utilities expenditures to determine the portion of Utilities to allocate to athletics. Multiply this factor times all other Maintenance expenditures (Functions 2600-2699, Other than Property Insurance and Utilities) to determine the portion of all other maintenance expenditures to allocate to athletics.

Facilities Construction/Renovation (multi-purpose facility) - Estimate the total number of hours the facility will be used during a complete school year. Estimate the total number of hours the facility will be used for athletics during the school year. Divide athletic hours by total hours to determine the percentage of time pertaining to athletics. Multiply this percentage times the total cost of the multipurpose facility to determine the portion that should be allocated to athletics. If the multipurpose facility is included in a project that contains other facilities, the project architect, general contractor or construction manager should be able to provide documentation relating to the cost of the multipurpose facility.

Salaries and benefits of coaches – 100% of any stipend or contract days paid exclusively for athletic duties should be charged to athletics. The base contract amount (per teacher salary schedule) must be allocated between athletics and non-athletics if, during the school day, the coach is assigned to classes that are especially for students participating in an Interschool Athletic Program. For purposes of allocating the salaries and benefits of coaches, preparation periods in excess of one must be allocated to athletics.

If any other allocation method is used for the 2007-2008 school year, the school district, when audited, will have to provide documentation and justification for the method being used. Only the above allocation methods are allowed for the 2008-2009 school year and thereafter.

All expenditures relating to athletics, regardless of fund, source of fund, function, location, subject area or object code, must have program code 115 included in the budget unit being charged. The most appropriate fund, function, location, subject area, and object codes should be used in addition to program code 115. Function code 1150 is only for "direct instruction," and therefore, should not be used for expenditures relating to transportation or maintenance. Failure to include program code 115, or use of incorrect function codes, will result in an erroneous athletic expenditure report and likely audit findings. If a material misstatement occurs for two consecutive years, the school district shall receive a probationary violation in the district's Standards for Accreditation report issued by the Arkansas Department of Education. A material misstatement is one in which the submitted data has more than a five percent variance from the correct data.

Please refer to Commissioner's Memo COM-07-096, dated March 28, 2007, for more detailed directions regarding the Financial Coding and Reporting of Athletic Expenditures.

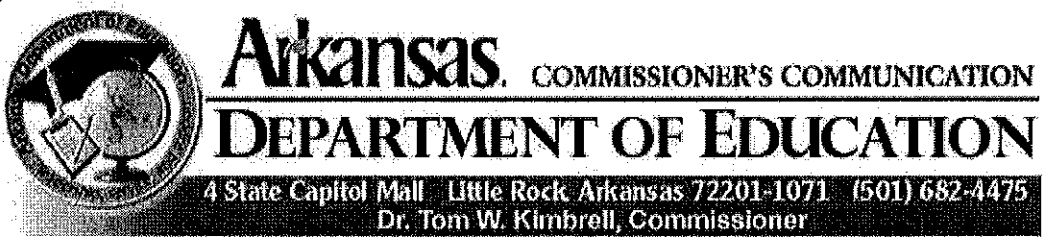
Attachments:

None

ADE

Arkansas.gov

Agencies | Online Services | Policies



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Memo Number : FIN-10-049 **Date Created :** 12/30/2009

Attention:

Superintendents
Co-op Directors
other: General Business Managers

Type of Memo: Informational

Response Required: No

Section: Fiscal and Administrative Services - William J. Goff, Assistant Commissioner

Subject:
Athletic Expenditure Audits

Regulatory Authority:
N/A

Contact Person:
Julie Kreth

Phone Number:
501-682-5059

E-mail:
julie.kreth@arkansas.gov

Each year the Division of Legislative Audit produces a special report regarding athletic expenditures for Arkansas public school districts. Each year the Division of Legislative Audit selects approximately 20% of the state's school districts for a special audit related to athletic expenditures and publishes its findings. Those reports can be found on the Division's web site located at http://www.legaudit.state.ar.us. Select "Special Report" and search for "Athletic Expenditures" to see previous reports.

As a follow-up to the 2006-2007 audit of athletic expenditures, auditors re-visited the school districts that had a variance of 10% or more for 2006-2007 and audited them again for 2007-2008. Of the 19 school districts re-visited, 17 improved during 2007-2008 as compared with 2006-2007.

In Section 8.06 of the Arkansas Department of Education's Rules Governing the Arkansas Financial Accounting and Reporting System and Annual Training Requirements (Rule), it states:

"Beginning in 2008-2009 school year, any school district that submits erroneous data to the Arkansas Department of Education that causes a material misstatement of any student or financial information shall receive a citation. A material misstatement is one in which the submitted data has more than a five percent variance from the correct data. If a material misstatement occurs for two consecutive years, the school district shall receive a probationary violation in the district's Standards for Accreditation report issued by the Arkansas Department of Education."

If section 8.06 as stated above had applied to the 2007-2008 school year, eleven of the 19 school districts re-visited by the Division of Legislative Audit would have received a probationary violation due to having a material misstatement of athletic expenditures for two consecutive years. Since 2008-2009 is the first applicable year for section 8.06 of the Rule, the 2007-2008 audit findings will not result in citations or probation. However, all student or financial data relating to 2008-2009 is subject to the sanctions described in section 8.06 of the Rule.

Superintendents and General Business Managers are encouraged to review the Athletic Expenditure

Audit Reports to help ensure compliance with the reporting requirements pertaining to athletics and avoid the sanctions stated above.

Attachments:

- **Rules Governing Ark. Financial Acctg & Reporting**

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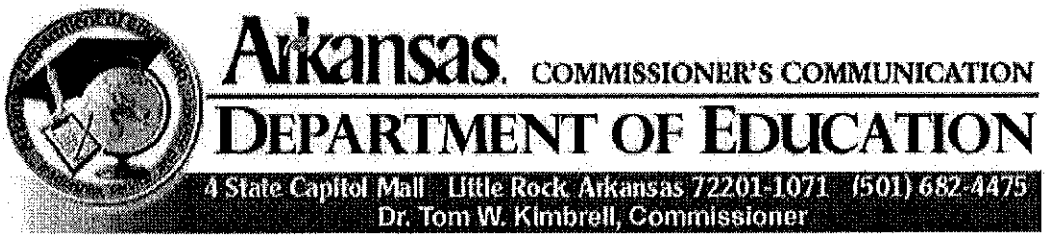
Department of Education Home Page



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Memo Number : FIN-10-051 **Date Created :** 01/14/2010

Attention:

Superintendents
Co-op Directors
other: General Business Managers

Type of Memo: Informational

Response Required: No

Section: Fiscal and Administrative Services - William J. Goff, Assistant Commissioner

Subject:
FY 10 Transportation Rates for Athletics

Regulatory Authority:
N/A

Contact Person:
Kathleen Crain

Phone Number:
501-682-4887

E-mail:
kathleen.crain@arkansas.gov

Arkansas Department of Education (ADE) requires a uniform method for districts to employ allocating and reporting all athletic expenditures. Some district expenditures relate to multiple programs and/or functions and the amount pertaining to each program and/or function must be estimated by the use of an allocation method. The following allocation method pertains to calculating athletic transportation expenses.

Transportation - Multiply bus miles pertaining to athletics by the statewide average cost per mile. The rate for the 2009-2010 school year is based on 2008-2009 expenditures and route miles and equals $3.16 per mile. Act 255 of 2007 defines athletic transportation as "Travel, including bus-related operation and maintenance, to and from any Interschool Athletic Program event for students, faculty, spirit groups, band, or patrons of the school district. This amount includes the salaries and benefits of bus drivers. In some cases, a bus for an athletic event may be driven by a volunteer or by a coach who receives a coaching stipend that includes driving buses for athletic events. If a bus driver is not compensated for athletic trips, or if the compensation is included in a stipend already charged to athletics, the rate of $1.69 per mile should be applied.

The method of calculating the rate excludes program codes 115 and 116 and includes Funds 1,2,3, and 5. Route miles do not include athletic and extracurricular trips; and therefore, should not be included in expenditures when calculating the cost per mile.

Attachments:

None

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Arkansas Department of Education
Rules Governing the Arkansas Financial Accounting and Reporting System and Annual Training Requirements

September 2007

1.00 Regulatory Authority

1.01 These rules are promulgated pursuant to Ark. Code Ann. §§ 6-11-105, 6-20-1805, 6-20-2004, 6-20-2104, 6-20-2202, 6-20-2207 and Act 1006 of the 86th Arkansas General Assembly.

2.00 Purpose

2.01 These rules shall be applied to all school districts, open enrollment charter schools, and education service cooperatives for the purposes of accounting and reporting revenues and expenditures and for providing required training.

3.00 Definitions

For purposes of these rules, the following terms shall be defined to mean:

3.01 Annual Financial Report and Budget (AFRB) – the annual electronically submitted report of the revenues and expenditures for the prior fiscal year and the budget of revenues and expenditures of school districts, open enrollment charter schools, and education service cooperatives filed with the Department by September 15 of each school year as required by Ark. Code Ann. § 6-20-2202.

3.02 Annual Record – AFRB.

3.03 Approved Budget – a budget that has received the required written notification from the Department that the budget presented was not identified as deficient as of February 15 of the current year.

3.04 APSCN – Arkansas Public School Computer Network

3.05 Arkansas Financial Accounting Handbook – the uniform chart of accounts and related codes which are established by the Department and incorporated into these rules as the "Arkansas Handbook, and used for accounting and financial reporting of all public schools, school districts, open enrollment charter schools, and education service cooperatives.

3.06 Athletic Expenditures – all direct and indirect expenses related to interschool athletic programs, prorated if necessary.

3.07 Budget – the annual budget of expenditures and receipts required in Ark. Const. Art. 14 § 3, and Ark. Code Ann. §§ 6-13-620 (7) and 6-20-2202. The budget is submitted on or before September 15 as part of the AFRB.

3.08 Budget Approval – required written notification from the Department that the budget presented was reviewed for compliance with the mandated requirements under Ark. Code Ann. § 6-20-2202.

3.09 Budget Review – the process of determining if the budget submitted meets the mandated expenditure requirements in effect for the appropriate year.

3.10 Deficient – a finding by the Department auditors that budget or financial accountability reports do not meet the requirements of state law or rules of the SBE.

3.11 Department – the Arkansas Department of Education.

3.12 Interschool Athletic Program – any athletic program which is organized primarily for the purpose of competing with other schools, public or private; or any athletic program which is subject to regulation by the Arkansas Activities Association.

3.13 Interschool Scholastic Activities – any interschool activity program that is outside the regular curriculum, excluding interschool athletic programs as defined by Ark. Code Ann. § 6-20-2002(3), which is organized primarily for the purpose of competing with other schools, public or private; or any program or activity, excluding interschool athletic programs as defined by Ark. Code Ann. § 6-20-2002(3), which is subject to regulation by the Arkansas Activities Association.

3.14 Interschool Scholastic Activity Expenditures – all direct and indirect expenses related to interschool scholastic activities, prorated if necessary.

3.15 Material Findings – a financial condition that jeopardizes the fiscal integrity of the school district.

3.16 SBE – the Arkansas State Board of Education.

3.17 Special Needs Categories – the state funding categories of Alternative Learning Environments, English Language Learners, National School Lunch Act funding, and Professional Development.

3.18 State Funds – all money derived from state revenues, specifically including but not limited to, distributions from the Department of Education Public School Fund Account and uniform rate of tax ad valorem property taxes distributed to a public school or school district.

3.19 Tier I & II Employees – those employees described as Tier I or Tier II employees in § 7 of this rule.

3.20 Tier I & Tier II Training – that training described as Tier I or Tier II training in § 7 of this rule.

3.21 Valid Comparisons – comparisons deemed to be relevant to the subject material in substance and scope.

4.00 AFRB and Arkansas Handbook

4.01 The AFRB shall be electronically submitted in the format required by the Department.

4.02 The Department shall establish the format of the AFRB by no later than August 1 of each year and the Department shall provide written notice via Commissioner's Memo of the date the AFRB format is available for use by the public school districts, open enrollment charter schools, and education service cooperatives.

4.03 The AFRB shall be filed electronically with the Department by September 15 of each year.

4.03.1 For purposes of compliance with these rules, the official date of filing with the Department shall be the date and time the AFRB is recorded as received by APSCN.

403.2 The budget shall have been legally approved by the local board with governing authority of a school district, open enrollment charter school or education cooperative prior to filing with the Department.

4.03.3 The order or resolution of the local board approving the budget shall be signed by the president of the local board and the ex-officio financial secretary (i.e. superintendent) of each school district, open enrollment charter school, or education cooperative. A copy of the board order or resolution with the signature page approving the budget shall be received by the Department on or before September 15 of each year.

4.03.4 If the AFRB and the order or resolution approving the budget are not filed with the Department on or before September 15 and as required by these rules, then all warrants or checks issued by the school district, open enrollment charter school or education cooperative after September 15 shall be declared invalid, and the

ex-officio financial secretary and his or her surety shall be liable for any warrants or checks countersigned after the September 15 deadline.

4.03.5 If the AFRB and the order or resolution approving the budget are not filed with the Department on or before September 15 and as required by these rules, and provided the Department has met its reporting obligation required in Section 6.00 of these rules, the Department shall suspend distribution of all state funded grants and aids for which a school district, charters school or education cooperative is eligible until the reporting requirements of these rules, are met in full compliance.

4.03.5.1 Grants and aids include all categories of state funds distributed by the Department.

4.04 The Department shall establish and implement a uniform chart of accounts and related codes known as the Arkansas Financial Accounting Handbook (Arkansas Handbook) which shall be the uniform chart of accounts and codes utilized in reporting revenues and expenditures.

4.04.1 The Arkansas Handbook is hereby incorporated by reference into these rules. However, the Arkansas Handbook is exempt from the rule-making process and may be amended, revised or updated as provided in these rules or law.

4.04.2 The amendments, annual revisions, and financial accounting updates to the Arkansas Handbook shall be developed with representatives from the Arkansas Association of School Business Officials, the Education Service Cooperatives, and other school district officials as designated by the Department.

4.04.3 Prior to amending the Arkansas Handbook, the Department shall provide written notice via a Commissioner's Memo to the school districts, open enrollment charter schools and education cooperatives. Amendments, annual revisions, and financial accounting updates shall be effective on July 1 of the next fiscal year or 90 days from the date of the issuance of the Commissioner's Memo, whichever is later, unless:

4.04.3.1 The Commissioner declares that there is an emergency, at which time the change shall be effective immediately upon the date specified in the Commissioners Memo; or,

4.04.3.2 A new program or revenue source requires new accounting codes, at which time the change shall be

effective immediately upon the date specified in the Commissioner's Memo; or,

4.04.3.3 The change affects only a few school districts and the school districts have mutually agreed to make the change. The change shall be effective immediately upon the date specified in the Commissioner's Memo.

4.05 The Arkansas Handbook shall be the chart of accounts and codes utilized by school districts, open enrollment charter schools and education cooperatives in making the record of actual revenues and expenditures and the annual budget of revenues and expenditures required by these rules.

5.00 AFRB Review Requirements

5.01 Beginning in 2008-2009 school year, by February 15 of each year, the Financial Accountability Unit shall review the AFRB to determine if the financial records are deficient. Any error related to the coding and reporting of financial information that causes a material misstatement of financial information will be cause for determining a deficiency. A material misstatement occurs whenever the submitted data has more than a five percent (5%) variance from the correct data or when corrective action is not taken after the Department has sent written notification to a district, open-enrollment charter school or education service cooperative regarding specific errors discovered in the AFRB.

5.02 The AFRB review will include, but is not limited to:

5.02.1 State Revenues;
5.02.2 Student Special Needs Expenditures;
5.02.3 Total Expenditures;
5.02.4 Instructional Expenditures;
5.02.5 Extracurricular Expenditures;
5.02.6 Capital Expenditures;
5.02.7 Debt Service Expenditures;
5.02.8 Teacher Full Time Equivalency data;
5.02.9 Certified salary amounts;
5.02.10 Compliance with the Minimum Teacher Salary schedule;
5.02.11 Compliance with gifted and talented programs expenditure requirements in accordance with rules promulgated by the SBE;
5.02.12 Interschool Athletic Expenditures, including salaries with fringe benefits, travel, equipment, supplies and facilities maintenance;
5.02.13 Interschool Scholastic Expenditures, including salaries with fringe benefits, travel, equipment, supplies and facilities maintenance;
5.02.14 The district's Total Athletic Expenditures budgeted for interschool athletic programs that are to be paid from state funds;

5.02.15 Interschool scholastic activity expenditures to be paid from state funds;
5.02.16 Expenditure of Federal funds, including school lunch reimbursement;
5.02.17 Verification that fiscal year expenditures did not exceed legal revenues for the same fiscal year;
5.02.18 Verification that proper financial records have been maintained in accordance with the Education Accounting and Reporting System and the Arkansas Handbook.

5.03 The Department shall notify in writing, via certified mail, the superintendent or director of the school districts, open enrollment charter schools or education service cooperatives whose financial records are found to be deficient.

5.03.1 The notification shall state the deficiency.

5.04 The school district, open enrollment charter school or education service cooperative will have thirty (30) days to respond to the Department's notification. The response may include, but is not limited to:

5.04.1 A proposed corrective action plan;
5.04.2 A training schedule to educate all pertinent personnel; and
5.04.3 A procedure to prevent a repeat of the deficiency.

5.05 The response shall not be considered a right of appeal.

5.06 If the review determines the financial records of any school district, open enrollment charter school or education service cooperative are deficient as defined in Section 5.01 or otherwise not properly maintained or submitted by the school district, open enrollment charter school, or education service cooperative or are not administered in accordance with state laws, SBE rules, or the Arkansas Handbook, then state-funded grants and/or aid that the district would be eligible to receive shall be withheld until the financial issues have been resolved.

5.07 The SBE may require the superintendent or director and board members explain and/or appear before the SBE to explain why the district is not complying with state laws or rules.

5.08 Upon written notice of approval by the Financial Accountability Unit, the Department shall file copies of the approved budget with the school district, open enrollment charter school, or education service cooperative, and the county treasurer.

5.09 It is the duty of the State to monitor school districts, open enrollment charter schools, or education service cooperatives financial records, Arkansas Comprehensive School Improvement Plan, or any other pertinent records, to ensure the following:

5.09.1 District expenditures meet the minimum teacher salary schedule;
5.09.2 District expenditures benefit students in special needs categories;
5.09.3 District expenditures are used to improve the educational opportunity of each child;
5.09.4 District expenditures are used to provide an equal opportunity for each child;
5.09.5 District expenditures are used to meet the Standards of Accreditation;
5.09.6 The District has provided the SBE and the Department with a report of the school district's total athletic expenditures paid from state funds for the previous year;
5.09.7 The district has provided the SBE and the Department with a budget for the school district's total athletic expenditures to be paid from state funds for the upcoming year; and
5.09.8 The district has provided the SBE and the Department with any additional information or documentation requested.

5.10 The Department shall have the authority to review, analyze and inspect the financial records of any school district, open enrollment charter school or education service cooperative in order to verify that a school district, open enrollment charter school or education service cooperative is correctly and accurately reporting revenues and expenditures.

5.11 The Department shall submit a report to the Governor, the Senate Interim Committee on Education, and the House Interim Committee on Education by February 15 of each year concerning public school and public school district expenditures required by law.

6.00 Required Reports

6.01 The Department shall publish by July 1 of each year, via Commissioner's Memo, a list of all required financial accountability reports with due dates.

6.02 The Department shall submit a written notice via certified mail on or before February 15 of each year to those school districts, open enrollment charter schools and education service cooperatives whose budget or financial reports are identified as deficient. Likewise, the Department will issue a Commissioner's Memo on or before February 15 of each year indicating which school districts, open enrollment charter schools or education service cooperatives budgets are identified as approved.

6.03 Each county clerk is required to provide to the Department an annual Abstract of Assessment by March 15 of each year.

6.03.1 The treasurer of the state shall withhold the monthly distribution of county aid from any county that fails to provide the annual Abstract of Assessment by March 15 for each school district located wholly or in part in the county.

6.03.2 The Department shall establish the required format for the Abstract of Assessment, to include:

6.03.2.1 The previous calendar year's property assessment that will be used for ad valorem tax collections in the current year.

6.03.2.2 The millage rates, which shall be listed by the type of millage, levied against that property assessment.

6.03.2.3 In cases that administratively consolidated school districts do not have a unified millage rate, the county clerk shall submit the assessment data in a form specified by the Department.

6.03.3 To consider a county in compliance with this filing requirement, the Department must receive all data no later than March 15 of each year.

6.04 The Department may withhold state aid from any school district, open enrollment charter school or education service cooperative that fails to file its budget or any other required report with the Department by the deadline established on the list of all required financial accountability reports, provided that the Department has met the deadline for providing information pertinent to meeting the deadlines.

7.00 Required Training

7.01 The Department shall establish two (2) tiers of required training.

7.01.1 Both tiers of required training shall apply to public school districts, open enrollment charter schools and education service cooperatives.

7.01.2 A minimum of two (2) persons per educational entity are required to attend an Initial and an Annual Tier I Training. The two persons shall include:

7.01.2.1 The district superintendent or the education service cooperative director or the open enrollment charter school director; and

7.01.2.2 A person whose job responsibilities include preparing the budget or overall accounting responsibility.

7.02 The two (2) persons per educational entity required to attend shall each obtain twelve (12) hours of Initial Training and instruction necessary to demonstrate basic proficiency as determined by the Department, including but not limited to:

7.02.1 School laws of Arkansas;
7.02.2 Laws and rules governing expenditures, fiscal accountability, and school finance;
7.02.3 Ethics; and
7.02.4 Financial accounting and reporting of schools, school district, open enrollment-charter schools, and education service cooperatives.

7.03 After obtaining the Initial Training, the two (2) persons required to attend shall obtain four (4) hours of Tier I annual training and instruction in order to maintain basic proficiency in the topics described in Section 7.02 of these rules.

7.03.1 The two (2) persons per educational entity are required to attend the training under Section 7.01 by December 31 of each year.
7.03.1.1 The training may be provided by a higher education institution, the Department, the Arkansas Association of School Business Officials or from another provider.
7.03.1.2 The training sessions may be held throughout the State, via distance learning, or from an online course.
7.03.1.3 All providers for training shall apply for and receive approval from the Department prior to providing the training.

7.03.1.3.1 The provider shall submit a complete request for approval prior to the scheduled training.
7.03.1.3.2 The Department shall establish the request form.
7.03.1.3.3 The provider shall provide the Department with a list of persons who attended the training sessions.
7.03.1.3.4 The Department's administrative staff will review the request.
7.03.1.3.5 If additional information is requested, the provider will be responsible for providing an immediate response in order to gain approval in a timely manner.

7.03.1.3.6 Department staff will be allowed to attend all training sessions in order to monitor for quality and completeness.

7.03.1.3.6.1 Department staff will not be required to pay to attend the training

7.03.2 Persons failing to obtain required training by the end of the calendar year and failing to receive training by March 1 of the following calendar year without filing a request for an extension shall be sanctioned by the State.

7.03.2.1 The request for an extension must be sent to the Department by certified mail, return receipt requested.

7.03.2.2 The request for an extension must be received by the Department prior to March 1.

7.03.2.3 The Department shall establish a form to be used in requesting an extension.

7.03.2.4 The request shall include a corrective action plan for obtaining the required training in a timely manner.

7.03.2.4.1 For each person failing to obtain the required training by March 1, the Department shall immediately notify the superintendent or director of the employing school district, open enrollment charter school, or education service cooperative.

7.03.2.4.2 Notification will be sent by certified mail, return receipt requested.

7.03.2.4.3 The Department will also notify the school board president.

7.03.3 The superintendent of the school district, director of the open enrollment charter school, or education service cooperative director shall notify the person who failed to receive the required training, and the person shall be unable to continue in his or her position from the date of receipt of notification by the superintendent of the school district, director of the open enrollment charter school, or education service cooperative director.

7.03.3.1 Notification will be by certified mail, return receipt requested.

7.03.3.2 Any person receiving notice that he or she shall be unable to continue in his or her position solely because of his or her failure to obtain the required training may request a hearing before the SBE prior to his or her permanent dismissal.

7.03.4 If the person fails to obtain all required training by December 31 following the March 1 extension deadline, this failure shall constitute one (1) citation against the school district, or the open enrollment charter school, as measured by the Standards for Accreditation of Arkansas Public Schools issued by the Department or an admonishment to the education service cooperative by the Department.

7.03.5 If the person is unable to obtain the required training because of military service or illness as verified by a written sworn statement of the person's attending physician, the Department shall grant an extension permitting the person additional time to obtain the required training.

7.03.5.1 The person shall submit the appropriate documentation of military service or illness to the Department.

7.03.5.2 The documentation must be sent by certified mail, return receipt requested.

7.03.5.3 The length of time of the extension will be determined on an individual basis at the discretion of the Department.

7.03.5.4 The issuance of an extension shall not constitute a citation against the school district as measured by the Standards for Accreditation of Arkansas Public Schools issued by the Department or the education service cooperative and shall not operate to remove the person from his or her job.

7.03.6 The SBE shall modify the Standards for Accreditation of Arkansas Public Schools issued by the Department as may be required by this section.

7.03.7 The Department shall maintain records of instructional hours of Tier I Training obtained by any individual covered under this section.

7.03.7.1 Each district shall provide a list of the names and positions of the persons covered by these rules, to the Department by December 31 of each year. The information shall be provided in a format approved by the Department.

7.03.7.2 Separate lists will be provided for persons obtaining the initial training to demonstrate basic proficiency and for those obtaining additional hours.

7.03.7.3 The trainer or the institution providing the training will provide verification of instructional hours.

7.03.7.4 The Department may publish a list identifying the persons required to receive training and the compliance status.

7.03.7.5 Persons employed as of July 1 shall be required to obtain training by December 31 of that year.

7.03.7.6 Persons employed after July 1 shall be required to obtain training by December 31 of the next year.

7.03.7.7 Persons changing employment will have their training history accepted by the new employer.

7.03.8 Any school district or open enrollment charter school that does not follow the provisions of this subchapter shall be placed in fiscal distress.

7.03.9 Any education service cooperative that does not follow the provisions of this subchapter shall be sanctioned by the SBE.

7.04 Tier II training shall include, but is not limited to, employees who make decisions about selecting codes or who have a limited number of codes that they can use.

7.04.1 Tier II training shall be developed by the Department in cooperation with representatives from the Arkansas Association of School Administrators, the Arkansas Association of School Business Officials, the Arkansas Education Association, the Legislative Joint Auditing Committee and education service cooperatives.

7.04.1.1 The training shall be annual and shall be four (4) hours.

7.04.1.2 Districts shall be responsible for providing the training to these employees.

7.04.1.3 District trainers are required to attend Initial and annual Tier I training.

7.04.1.4 Each district, open enrollment charter school or education service cooperative shall maintain files and records indicating all employees required to obtain and who have completed Tier II training.

7.04.1.5 Each district superintendent, open enrollment charter school director or education service cooperative director shall provide the Department an assurance statement regarding the completion of Tier II training by the required individuals by the end of the fiscal year.

8.00 Sanctions

8.01 Any school district or open enrollment charter school that does not comply with and meet the requirements of these rules, shall, after receiving notice as required by law, be identified by the Department as being in fiscal distress.

8.01.1 Any school district or open enrollment charter school that is identified in fiscal distress by the Department is subject to having their charter removed or any and all sanctions permitted by law by the SBE after receiving proper notice and an opportunity for a hearing.

8.02 Any education service cooperative that does not comply with and meet the requirements of these rules shall be sanctioned by the SBE.

8.03 Any licensed classroom teacher or administrator of a school, school district, open enrollment charter school or education service cooperative that provides false expenditure information may have his or her license placed on probation, suspended or revoked pursuant to procedures utilized in accord with Ark. Code Ann. § 6-17-410.

8.04 Persons failing to obtain required training by December 31 of the calendar year and who fails to cure any training deficiency by March 1 of the following year without filing a request for extension of time and after receiving proper notice shall be unable to continue in his or her position of employment effective on the date of receipt of notification from the superintendent of the school district, open enrollment charter school or education service cooperative.

8.05 If a person fails to obtain all required training by December 31, this failure shall constitute one (1) citation against the school district, the open enrollment charter school or an admonishment to the education service cooperative.

8.06 Beginning in 2008-2009 school year, any school district that submits erroneous data to the Arkansas Department of Education that causes a material misstatement of any student or financial information shall receive a citation. A material misstatement is one in which the submitted data has more than a five percent variance from the correct data. If a material misstatement occurs for two consecutive years, the school district shall receive a probationary violation in the district's Standards for Accreditation report issued by the Arkansas Department of Education.

ARKANSAS DEPARTMENT OF EDUCATION
2009 REVIEW OF AUDIT FINDINGS

FINDINGS BASED ON:	TOTAL	YTD REVIEWED	NO FINDINGS	FINDINGS
DISTRICT'S	244	216	29	187
CHARTER'S	16	9	3	6
CO-OP'S	20	12	4	8
	280	237	36	201

	TOTAL FINDINGS	% TO TOTAL FINDINGS
ALLOWABLE COSTS/COST PRINCIPLES: **The majority of findings in this category involved the following:** Periodic time certifications or monthly personnel activity reports were not prepared for employees who worked with federal programs	201	44%
INTERNAL CONTROL: The district has not adequately segregated financial accounting duties to provide reasonable assurance of reliability of financial reporting.	185	40%
MISSTATEMENTS NOT DETECTED BY INTERNAL CONTROL: The district did not maintain accurate financial accounting records	16	3%
FAILURE TO GET A BID OR BOND ON A PROJECT:	10	2%
PURCHASE OR ACT WITHOUT BOARD APPROVAL:	8	2%
CLERICAL ERROR:	6	2%
ERROR IN CALCULATION OF 40% PULLBACK:	5	1%
UNAUTHORIZED DISBURSEMENTS:	5	1%
BOARD MEMBER / ADMINISTRATION CONFLICT OF INTEREST:	5	1%
MISAPPROPRIATION OF FUNDS:	4	1%
INCORRECT EMPLOYEE PAYROLL:	4	1%
EXCESSIVE UNINSURED AND COLLATERALIZED DEPOSITS:	3	1%
DAVIS-BACON ACT: Requires all contractors to pay laborers not less than the prevailing wage rates as determined by the Department of Labor	3	1%
FUNDS NOT SEPARATED OR SET UP PROPERLY:	2	1%
CAPITAL ASSETS: A listing of capital assets should be maintained and updated for reporting	2	1%

CASH RECONCILIATION: Cash accounts were not reconciled regularly to ensure proper reporting.	2	1%
DISTRICT DID NOT DISTRIBUTE THE INCREASE IN THE EDUCATIONAL EXCELLENCE TRUST FUND TO CERTIFIED POSITIONS:	1	1%
TOTAL AUDIT FINDINGS	462	

Appendix D-1

Solving Internal Control Audit Findings

Internal Control
A process to:
- Create reliability of financial reporting
- Assess risk
- Control preventable loss
- Promote efficiency and effectiveness of operations
- Ensure compliance with applicable law/rules
- Promote public trust

Purpose of Internal Control Policy
Internal control gives the school board and administration reasonable assurance that the district/charter will:
- Achieve its goals
- Operate effectively and efficiently
- Provide accurate and reliable financial data
- Operate in compliance with current federal and state laws and rules

What are the Goals of Internal Control?
- Limit opportunity for theft or unauthorized use
- Ensure proper and legal expenditure/disbursement
- Detect errors and fraud in a timely manner
- Alert management of relevant required courses of action
- Provide accurate financial information
- Provide documentation of proper accounting
- Provides reasonable assurance that misstatements, losses, noncompliance with laws/rules would be prevented
- Promote public trust and confidence

Five Components of Internal Control
1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring

1. Control Environment
Management's style and philosophy and the culture in which the district/coop/or charter exists

Specific elements to consider:
- Integrity and ethical standards;
- Management philosophy and operating style;
- The environment consisting of the organizational structure;
- Assignment of authority and responsibility;
- Human resource policies and practices such as hiring, training, evaluating, compensating, and disciplining employees; and
- Hierarchy for reporting

2. Risk Assessment

Certain risks affect the organization and may result in a negative effect on the organization.

Some significant events or circumstances that can effect risk include:

- Complexity or magnitude of programs, operations, transactions, etc;
- Accounting estimates;
- Extent of manual processes or applications;
- Decentralized versus centralized accounting and reporting functions;
- Changes in operating environment;
- New personnel or significant personnel changes;
- New or revamped information systems;
- Significant new or changed programs of operations;
- New technology; and
- New or amended laws, regulations, or accounting standards.

Procedure of Risk Assessment includes:

- Identifying the risk
- Measuring the risk
- Controlling/managing the risk
- Corrective action when necessary

Examples of the Existence of Risk/Material Misstatements

The following situations greatly increase the potential for risk:

- Complex processes with a high degree of regulation, such as stimulus funding and approval process
- New process
- Limits or constraints on the amount of funding available
- Beginning a new program with new rules, new laws, new staff, etc.
- Lack of adequate personnel with appropriate financial and reporting skills
- Changes in key personnel
- Weaknesses in internal control
- Failure to use the APSCN accounting system for all financial transactions
- Failure to reconcile all accounts
- Manual accounting records
- Changes in the technology environment
- Significant adjustments at the end of the year, such as transfers, journal entries
- Cash flow problems resulting in expenditures of reserves
- Pending litigation and contingent liabilities
- Complex calculations
- Cash transactions
- One person accounting office
- Failure to periodically examine and analyze financial reports
- Failure to remain timely on all accounts payable, including fringe benefits
- Missing established deadlines on required reports
- Previous audit findings, especially if repeated

3. Control Activities

Control activities are the policies and procedures that ensure that Administration's directives are carried out. The Risk Assessment should include an understanding of relevant control activities such as:

- Policies and procedures;
- Management objectives (clearly written and communicated throughout the entity);
- Planning and reporting systems;
- Analytical review and analysis;
- Segregation of duties;
- Safeguarding of records; and
- Physical and access controls.

- Segregation of Duties
  - Lack of segregation of duties is one of the most frequent audit findings.
  - Idea is for individuals responsible for making entries to the general ledger, to not have access to subsidiary records that support entries to the general ledger.
  - Districts with one person accounting offices often have inadequate segregation of duties.

- Examples of Needed Duty Segregation:
  - Authorization and maintenance of approved vendor files and entry of accounts payable.
  - Set up new employee records and issue payroll checks.
  - Fixed asset physical inventory and maintain fixed asset inventory in computer system.
  - Process checks or bank deposits and reconcile bank account.

- Cost/Benefit analysis for having adequate segregation of duties:
  - The cost of adding personnel can be easily measured.
  - The benefit of having adequate segregation of duties is not as easily measured.
  - The superintendent and the board should carefully assess the risk of having too much control in the hands of one person.

4. Information and Communication

The Risk Assessment should examine the information systems that affect financial reporting such as:

- The type and sufficiency of reports produced;
- The manner in which information systems development is managed;
- Disaster recovery;
- Communication of employees' control related duties and responsibilities;
- How incoming external communication is handled; and
- Communication and training of staff on roles and responsibilities in implementing IC activities.

5. Monitoring

Monitoring internal control over financial reporting can take several forms. Examples include:

- Self assessments by management;
- Evaluations by an external auditor; and
- Direct testing.

How will you know Internal Controls are working?

1. Risks are appropriately identified and managed;
2. Interaction of the various governance groups occurs;
3. Significant financial, managerial, and operating information is accurate, reliable, and timely;
4. Employees' conduct and actions are in compliance with policies, applicable laws and regulations;
5. Employees are trained to be responsible for notifying the superintendent/director of irregular circumstances;
6. Resources are acquired economically, used efficiently, and adequately safeguarded;
7. Quality and continuous improvement are encouraged;
8. Significant regulatory issues are recognized and addressed appropriately.

Arkansas. COMMISSIONER'S COMMUNICATION
DEPARTMENT OF EDUCATION
4 State Capitol Mall Little Rock, Arkansas 72201-1071 (501) 682-4475
Dr. Tom W. Kimbrell, Commissioner

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Memo Number : RT-09-010 **Date Created :** 03/27/2009

Attention:

Superintendents
Co-op Directors
other: Technology Coordinators

Type of Memo: Regulatory

Response Required: No

Section: Research and Technology - Mr. James Boardman, Assistant Commissioner

Subject:
Information Technology Security Policy UPDATE

Regulatory Authority:
Ark. Code Ann. § 6-11-128 (as amended by Act 723 of 2007)

Contact Person:
Cody Decker

Phone Number:
501.683.1417

E-mail:
cody.decker@arkansas.gov

Ark. Code Ann. § 6-11-128 requires the Arkansas Department of Education (ADE) to develop an Information Technology (IT) Security Policy. Pursuant to ADE Rules Governing the Processes to Ensure the Quality, Security, Validation and Timeliness of Public School Data in Arkansas Public School Computer Network (APSCN), the ADE in cooperation with Arkansas Department of Information Systems (DIS), Arkansas State Security Office, and Coalfire Systems, Inc. has developed an IT Security Policy for Arkansas Public Schools. The attached security policy supersedes the previously released security policy included in Commissioner's Memo RT-09-008 and clarifies IT Security Policy Sections 1B2 (Data Sensitivity) and 2B2 (Computer Room Security).

Attachments:

- **Arkansas Public Schools IT Security Policy**

ADE

Back to the Customer List

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Department of Education Home Page

ARKANSAS DEPARTMENT OF EDUCATION

IT Security Policy (ITSP-1)	**SECURITY MANAGEMENT**

1A. Policy Statement

District management and IT staff will plan, deploy and monitor IT security mechanisms, policies, procedures, and technologies necessary to prevent disclosure, modification or denial of sensitive information.

1B. Standards

1B1 SECURITY RESPONSIBILITY

- **DISTRICTS** shall appoint, in writing, an IT Security Officer (ISO) responsible for overseeing District-wide IT security, to include development of District policies and adherence to the State-wide (ADE) standards defined in this document.

- **DISTRICTS** shall ensure that the job description and annual performance evaluation for the appointed ISO identifies IT security responsibilities.

1B2 DATA SENSITIVITY

- **DISTRICTS** shall recognize that "sensitive data" identified within this Standard is considered any and all student and employee data which is considered personally identifiable information (PII) or any non PII information which assembled together would allow a reasonable person to identify an individual. Sensitive data includes, but is not limited to:
  - Student personally identifiable information, except as allowed by the Family Educational Rights and Privacy Act (20 U.S.C. § 1232g; 34 CFR Part 99).
  - Employee personally identifiable information, except as required by Ark. Code Ann. § 6-11-129.

1B3 TRAINING

DISTRICTS, led by the Information Security Officer (ISO), shall ensure that all District employees having access to sensitive information undergo annual IT security training which emphasizes their personal responsibility for protecting student and employee information.

ARKANSAS DEPARTMENT OF EDUCATION

IT Security Policy (ITSP-2)	**PHYSICAL SECURITY**

2A. Policy Statement

Physical access to computer facilities, data rooms, systems, networks and data will be limited to those authorized personnel who require access to perform assigned duties.

2B. Standards

2B1 WORKSTATION SECURITY

- **DISTRICTS** shall ensure that user workstations must not be left unattended when logged into sensitive systems or data including student or employee information. Automatic log off and password screen savers must be deployed to enforce this requirement.

- **DISTRICTS** shall ensure that all equipment that contains sensitive information will be secured to deter theft. No sensitive data shall be retained on laptop and/or remote devices (home computer, thumbdrives, personal digital assistances, cellphones, CDs, etc.) unless encrypted in accordance with the Arkansas State Security Office's Best Practices.

2B2 COMPUTER ROOM SECURITY

- **DISTRICTS** shall ensure that server rooms and telecommunication rooms/closets are protected by appropriate access control which segregates and restricts access from general school or District office areas. Server room access control should be enforced using keys, electronic card readers, or similar method with only those IT or management staff having access necessary to perform their job functions allowed unescorted access.

ARKANSAS DEPARTMENT OF EDUCATION

IT Security Policy (ITSP-3)	**NETWORK SECURITY**

3A. Policy Statement

Network perimeter controls will be implemented to regulate traffic moving between trusted internal (District) resources and external, untrusted (internet) entities. All network transmission of sensitive data should enforce encryption where technologically feasible.

3B. Standards

3B1 PERIMETER SECURITY

- **DISTRICTS** shall maintain a network configuration management program which includes as a minimum: a network diagram identifying all connections, addresses, and purpose of each connection including management approval of all high risk internet-facing ports such as mail (SMTP/25), file transport protocol (FTP/20-21), etc.

- **DISTRICTS** using non-State supplied internet connections shall ensure that all public facing (internet) servers and workstations must be segmented on a demilitarized zone (DMZ) separate from the internal District network. Segmentation may be achieved via firewall, router, virtual local area network (VLAN), or similar network access control device which does not allow internet traffic to access any internal system without first passing through a DMZ or network device rule set.

3B2 WIRELESS NETWORKS

- **DISTRICTS** shall ensure all wireless access shall require authentication and Service Set Identifiers (SSID) shall not contain information relative to the District, location, mission, or name.

- **DISTRICTS** shall ensure that wireless networks will deploy network authentication and encryption in compliance with the Arkansas State Security Office's Best Practices.

- **DISTRICTS** shall scan for (and disable) rogue wireless devices at a minimum quarterly.

3B3 REMOTE ACCESS

- **DISTRICTS** shall ensure that any remote access with connectivity to the District internal network is achieved using encryption (e.g., SSH, RDP/High, VPN).

3B4 WARNING BANNERS

- **DISTRICTS** shall ensure that appropriate WARNING BANNERS have been implemented for all access points to the District internal network.

ARKANSAS DEPARTMENT OF EDUCATION

IT Security Policy (ITSP-4)	**ACCESS CONTROL**

4A. Policy Statement

System and application access will be granted based upon the least amount of access to data and programs required by the user in accordance with a business need-to-have requirement.

4B. Standards

4B1 SYSTEM ACCESS CONTROLS – AUTHENTICATION

- **DISTRICTS** shall enforce strong password management for employees and contractors as specified in Arkansas State Security Office Password Management Standard.

- **DISTRICTS** shall enforce strong password management for students as specified in Arkansas State Security Office K-12 Student Password Management Best Practice.

4B2 SYSTEM ACCESS CONTROLS – AUTHORIZATION

- **DISTRICTS** shall ensure that user access shall be limited to only those specific access requirements necessary to perform their jobs. Where possible, segregation of duties will be utilized to control authorization access.

- **DISTRICTS** shall ensure that user access should be granted and terminated upon timely receipt, and management's approval, of a documented access request/termination. Ongoing access shall be reviewed for all users as a minimum annually.

4B3 SYSTEM ACCESS CONTROLS – ACCOUNTING

- **DISTRICTS** shall ensure that audit and log files are generated and maintained for at least ninety days for all critical security-relevant events such as: invalid logon attempts, changes to the security policy/configuration, and failed attempts to access objects by unauthorized users, etc.

4B4 ADMINISTRATIVE ACCESS CONTROLS

- **DISTRICTS** shall limit IT administrator privileges (operating system, database, and applications) to the minimum number of staff required to perform these sensitive duties.

ARKANSAS DEPARTMENT OF EDUCATION

IT Security Policy (ITSP-5)	**APPLICATION DEVELOPMENT & MAINTENANCE**

5A. Policy Statement

Application development and maintenance for in-house developed student or financial applications will adhere to industry processes for segregating programs and deploying software only after appropriate testing and management approvals.

5B. Standards

5B1 SYSTEMS DEVELOPMENT

- **DISTRICTS** shall ensure that any custom-built student or financial applications or supporting applications which interface, integrate with, or provide queries and reporting to/from student or financial systems are developed using a system development life cycle approach which incorporates as a minimum:
  - ✓ Planning, requirements, and design.
  - ✓ User acceptance testing (UAT).
  - ✓ Code reviews.
  - ✓ Controlled migration to production.

5B2 SYSTEMS MAINTENANCE AND CHANGE CONTROL

- **DISTRICTS** shall ensure that any changes to core or supporting applications which provide student or financial processing or reporting are implemented in a controlled manner which includes as a minimum:
  - ✓ Mechanisms which serve to document each change, both infrastructure and/or application.
  - ✓ Management approval of all changes.
  - ✓ Controlled migration to production, including testing as appropriate.

ARKANSAS DEPARTMENT OF EDUCATION

IT Security Policy (ITSP-6)	**INCIDENT MANAGEMENT**

6A. Policy Statement
Monitoring and responding to IT related incidents will be designed to provide early notification of events and rapid response and recovery from internal or external network or system attacks.
6B. Standards

6B1 INCIDENT RESPONSE PLAN

- **DISTRICTS** shall develop and maintain an incident response plan to be used in the event of system compromise which should include:
  - ✓ Emergency contacts (i.e. vendors, DIS, ADE/APSCN, law enforcement, employees, etc.).
  - ✓ Incident containment procedures.
  - ✓ Incident response and escalation procedures.

ARKANSAS DEPARTMENT OF EDUCATION

IT Security Policy (ITSP-7)	**BUSINESS CONTINUITY**

7A. Policy Statement
To ensure continuous critical IT services, IT will develop a business continuity/disaster recovery plan appropriate for the size and complexity of District IT operations.
7B. Standards

7B1 BUSINESS CONTINUITY PLANNING

- **DISTRICTS** shall develop and deploy a district-wide business continuity plan which should include as a minimum:
  - ✓ Backup Data: Procedures for performing routine backups (as a minimum weekly) and storing backup media at a secured location other than the server room or adjacent facilities. As a minimum, backup media must be stored off-site a reasonably safe distance from the primary server room and retained in a fire resistant receptacle.
  - ✓ Secondary Location: Identify a backup processing location, such as another School or District building.
  - ✓ Emergency Procedures: Document a calling tree with emergency actions to include: recovery of backup data, restoration of processing at the secondary location, and generation of student and employee listings for ensuring a full head count of all.

ARKANSAS DEPARTMENT OF EDUCATION

IT Security Policy (ITSP-8)	**MALICIOUS SOFTWARE**

8A. Policy Statement
Server and workstation protection software will be deployed to identify and eradicate malicious software attacks such as viruses, spyware, and malware.
8B. Standards

8B1 MALICIOUS SOFTWARE

- **DISTRICTS** shall install, distribute, and maintain spyware and virus protection software on all production platforms, including: file/print servers, workstations, email servers, web servers, application, and database servers.

- **DISTRICTS** shall ensure that malicious software protection will include frequent update downloads (minimum weekly), frequent scanning (minimum weekly), and that malicious software protection is in active state (realtime) on all operating servers/workstations. Districts should consider implementing enterprise servers for required updates to conserve network resources.

- **DISTRICTS** shall ensure that all security-relevant software patches (workstations and servers) are applied within thirty days and critical patches shall be applied as soon as possible.

Appendix F-1
Title I Equitable Services Private Schools

Under the Child Benefit Theory Title I services:

- benefit the individual child, NOT the private school.
- are provided by the LEA, NOT the private school.

(This theory was developed to comply with the Constitutional prohibition against Federal funding to private schools.)

In order to meet Equitable Services requirements an LEA must:

- Provide eligible private school children with an opportunity to participate;
- Meet the equal expenditures for instruction, professional development, and parent involvement;
- Assess student needs and the effectiveness of the Title I program; and
- **Begin** Title I programs at the same time as the Title I program for public school children.

LEA Responsibility:

- Is required to develop and implement the Title I program that meets the needs of the Title I participants.
- Cannot delegate its responsibility to private school officials.
- Is responsible for ensuring that the Title I program is compliant.
- Must consult more than one time with Private School officials in a timely and meaningful manner

Consultation with Private School

- An LEA cannot make any decision on any aspect of the Title I program without first consulting with the appropriate private school officials and providing them opportunities to comment and make suggestions.
    - This includes such topics as: rank ordering, per pupil allocation determinations, program decisions, grade levels served, etc.
- LEA must maintain written affirmation signed by private school official or designee that consultation has occurred.

What is Timely Consultation

- LEA staff must allow enough time to both discuss all required topics with private scool officials and allow sufficient time for the LEA to be able to begin services when they begin for public school students.
    - Start in December/January before school starts the next year if you're a large district.
    - If a smaller school, start in March or April.

Title I Equitable Services Private Schools

The amount of Title I funding that is available for equitable services is determined by the number of low-income private school children who **live in** Title I participating attendance areas.

Unallowable Cost – Instruction

Section 1120(d)(1) of the ESEA requires that the LEA maintain control of the Title I funds, materials, equipment and property

Arkansas Department of Education
Proposed Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds
~~September 2007~~~~April~~July 2010

1.00 Authority

1.01 The Arkansas State Board of Education's authority for promulgating these Rules is pursuant to Ark. Code Ann. §§ 6-11-105, 6-18-508, 6-18-509, and 6-20-2301 et seq.~~5~~.and ~~Acts 811 and 1590of 2007~~.

1.02 These Rules shall be known as the Arkansas Department of Education (ADE) Rules Governing the Distribution of Student Special Needs Funding and the Determination of Allowable Expenditures of Those Funds.

2.00 Purpose

2.01 The purpose of these Rules is to distribute student special needs funding and define the allowable expenditures of those funds.

3.00 Definitions – For purposes of these Rules, the following terms mean:

3.01 "Alternative Learning Environment (ALE)" is a student intervention program in compliance with Ark. Code Ann. §§ 6-18-508 and 6-18-509 and these Rules that seeks to eliminate traditional barriers to ~~student~~ learning for students.

3.02 "Average Daily Membership (ADM)" is the total number of days of school attended plus the total number of days absent by students in grades kindergarten through twelve (K-12) during the first three (3) quarters of each school year divided by the number of school days actually taught in the school district during that period of time rounded up to the nearest hundredth.

3.02.1 In those instances in which the ADM for ~~less~~ fewer than three (3) quarters is specified, the number of days used in the calculation shall be the days in the specified period of time.

3.02.2 As applied to these Rules, students who may be counted for ADM are:

3.02.2.1 Students who reside within the boundaries of the school district, ~~and who~~ are enrolled in a public school operated by the school district, and are enrolled in a curriculum that fulfills the requirements established by the State Board of Education (State Board) under the Standards for Accreditation of Arkansas Public Schools and School Districts;

3.02.2.2 Legally transferred students living outside the school district but — are attending a public school in the school district under a provision of the Arkansas Code ~~or Rules~~ and are enrolled in a curriculum that fulfills the requirements established by the State Board under the Standards for Accreditation of Arkansas Public Schools and School Districts.

3.02.2.3 Open-enrollment public charter school students who are enrolled in a curriculum that fulfills the requirements established by the State Board under the Standards for Accreditation of Arkansas Public Schools and School Districts;

3.02.2. ~~3~~4 Students who are eligible to attend and who reside within the boundaries of a school district and ~~who~~ are enrolled in the Arkansas National Guard Youth Challenge Program, so long as the students are participants in the program; or

3.02.2.5 Any other circumstance allowed by law.

3.03 "Bonus" is a non-recurring payment to a school district employee, which shall not be considered an addition to the employee's contractual salary amount.

3.04 "Chronically Underperforming School" is a public school that does not meet adequate yearly progress under the No Child Left Behind Act of 2001, 20 U.S.C. § 6301 et seq., as it existed on July 1, 2009, for three (3) or more consecutive years.

3.~~04~~ 05 "Classroom Teacher" is an individual who is required to hold a teaching license from the ~~Arkansas Department of Education (Department)~~(ADE) and who is working directly in instruction with students in a classroom setting for more than seventy percent (70%) of the individual's contracted time; a guidance counselor; or a librarian.

3.06 "Coordinated School Health Coordinator" is an individual that coordinates the implementation or the Coordinated School Health model components, facilitates the Wellness Priority within the Arkansas Comprehensive School Improvement Plan (ACSIP) with a minimum of a bachelor's degree (Master's preferred) in either the field of education, nursing, health services administration, social services, psychology/mental health services or nutrition. The coordinator will be in addition to other school health staff or positions.

3.07 "Coordinated School Health" (CSH) is an effective system designed to connect health (physical, mental/emotional and social) with education. This coordinated approach improves students' health and their capacity to learn through the support of families, communities and schools working together. The CSH approach consists of eight major components. Although these components are listed separately, it is their composite that allows CSH to have significant impact. The eight components include: health education, physical education/physical activity, health services, nutrition services, health promotion for staff, counseling and psychological services, healthy school environment, and student/parent/community involvement.

3.~~05~~ 08 "English Language Learners (ELL)" are students identified by the State Board ~~of Education (State Board)~~ as not proficient in the English language based upon approved English proficiency assessment instruments ~~administered annually in the fall of the current school year~~, which ~~assessments~~ measure oral, reading, ~~and~~ writing, speaking, listening proficiency, and comprehension of English. ~~proficiency~~.

3.~~06~~ 09 "Eligible ~~Alternative Learning Environment~~ALE Student" is a student who meets the qualifications of Section 4.01, is in a program that meets the qualifications of Section 4.02, has been enrolled ~~attended~~ in an eligible ALE for a minimum of twenty (20) consecutive days per school year and meets the requirements outlined in Section 4.00.

3.10 "Excess National School Lunch State Categorical Funds" are current year National School Lunch State Categorical Funds remaining after a district has met the educational needs of students that are to be used to supplement teacher salaries.

3.11 "Experienced-based Field Trip" A student field trip which culminates an academic content unit directly tied to the Arkansas Frameworks that includes research-based activities.

3.12 "Human Service Worker" shall collaborate and provide information, resources, services, and referrals, to the district, LEA, parents, and students in a variety of activities, trainings, and assessments concerning the physical, mental/emotional, and social health of the child.

3.13 "Licensed Mental Health Counselor," or L.M.H.C., hold a master's degree from a graduate program in the field. They may render mental health care services to individuals, families or groups. L.M.H.C.s use therapeutic techniques to define goals and develop treatment plans aimed toward prevention, treatment, and resolution of mental and emotional dysfunction. Mental Health Professionals are licensed by the specific state boards corresponding with their licensure (i.e., Board of Examiners [LPCs, LACs], Board of Psychology [PhDs, LPEs), Social Work Licensing Board [LCSW, LMSW, LSW], which also monitors professional conduct.

3. ~~07~~ 14 "NSLA" ~~–~~ National School Lunch Act.

3.~~08~~ 15 "National School Lunch Students" are those students from low socio-economic backgrounds as indicated by eligibility for free or reduced-price~~d~~ meals under the federal ~~National School Lunch Act~~NSLA as determined on October 1 of ~~the~~ each previous school year and submitted to the ~~Department~~ADE, unless the district participates in the federal NSLA Provision 2 Program.

3.16 "Open Enrollment Public Charter School" is a public school operating under the terms of a charter granted by the State Board and is a local educational agency under the Elementary and Secondary Education Act of 1965, 20 U.S.C. § 7801, as it existed on April 10, 2009.

3.~~09~~17 "Previous Year" is the school year immediately preceding the school year in which funds are allocated.

3.~~10~~ 18 "Professional ~~development~~ Development" is a coordinated set of professional development activities that improve the knowledge of teachers, administrators, and paraprofessionals concerning effective instructional strategies, methods, and skills for improving teaching practices, and for all employees to improve knowledge, awareness, and resources in physical/mental/emotional/social health-related issues for the purpose of improving ~~and~~ student academic achievement. Training activities for school bus drivers may also be included.

3.~~10~~18.1 Professional ~~development~~ Development shall result in individual school-wide~~,~~ and district-wide improvement designed to ensure that all students demonstrate proficiency in the state academic standards.

3.~~10~~18.2 Professional ~~development~~ Development should be based on research, and be standards-based and continuous.

3.~~11~~ 19 "Provision ~~Two (2) School District~~district" is a school district participating in the federal National School Lunch Program under 42 U.S.C. § 1759a, as interpreted in 7 C.F.R. § 245.9.

3.20 "Provision 2 district base year (base year)" means the last school year for which eligibility determinations were made and meal counts were taken by type.

3.21 "Scholastic Audit" is a comprehensive review of the learning environment, organization efficiency, and academic performance of schools and districts.

3.~~12~~ 22 "School District" or "District" is a geographic area with an elected board of directors that qualifies as a taxing unit for purposes of *ad valorem* property taxes under ~~Ark. Code. Ann. §26-1-101 et seq.~~ Title 26 of the Arkansas Code, and whose board conducts the daily affairs of public schools pursuant to the supervisory authority vested in it by the General Assembly ~~via~~ and Title 6 of the Arkansas Code. For the purposes of these Rules, all references to "school district" or "district" include open enrollment charter schools.

3.23 "School Resource Officer" (SRO) is a sworn law enforcement officer assigned to a school on a long-term basis. The SRO is specifically trained in and performs three main functions, law enforcement officer, law related counselor, and law related educator. In addition the SRO works in collaboration with the school and the community as a resource.

3.~~13~~ 24 "School Year" is the year beginning July 1 of one calendar year and ending June 30 of the next calendar year.

3.25 "Students at Risk" are those students demonstrating an ongoing persistent lack of attaining proficiency levels in literacy and mathematics.

3.26 "Social Workers" have an undergraduate or graduate degree in social work or a related mental health field, and are trained in psychotherapy and social work techniques. Family therapists and employee assistance program counselors are often social workers. Social workers who work in private agencies or independent practice must hold state licenses from the Board of Registration of Social Workers. An L.C.S.W (Licensed Certified Social Worker) or a L.S.W. (Licensed Social Worker) may practice in an agency setting under proper supervision. Professional conduct is monitored by the State of Arkansas Social Work Licensing Board.

3.27 "Supplement to Teacher Salaries" is the use of excess ~~NSLA~~National School Lunch State Categorical Funds to supplement teacher salaries as either a bonus, as defined at 3.03, or to provide an amount of compensation above the amount required by the minimum teacher salary compensation schedule, as defined at Ark. Code Ann. § 6-17-2403.

~~3.14~~28 "Technology" is any equipment for instructional purposes that are electronic in nature including, but not limited to, computer hardware, computer software, internet connectivity, and distance learning.

4.00 Special Needs - Alternative Learning Environment (ALE)

4.01 Eligible ALE Students

4.01.1 An eligible ALE student shall exhibit two (2) or more of the characteristics identified in Section 4.01.1.1 and Section 4.01.1.2. Students will not be placed in the ALE based on academic problems alone.

4.01.1.1 –Students placed at risk, though intelligent and capable, typically manifest one or more of the following characteristics:

- Disruptive behavior
- Drop out from school
- Personal or family problems or situations
- Recurring absenteeism
- Transition to or from residential programs

4.01.1.2 –Situations that negatively affect the student's academic and social progress may include, but are not limited to:

- Ongoing, persistent lack of attaining proficiency levels in literacy and mathematics
- Abuse: physical, mental, or sexual
- Frequent relocation of residency
- Homelessness
- Inadequate emotional support
- Mental/physical health problems
- Pregnancy
- Single parenting

4.02 Eligible ALE Programs

4.02.1 An eligible ALE program shall meet the following guidelines:

4.02.1.1 Have students taught by a currently licensed teacher. If course credit is granted, the teacher must be highly qualified. Newly hired teachers in these designated districts will have three years from the date of hire to become highly qualified as required by the federal No Child Left Behind Act of 2001.

4.02.1.2 Have a student/teacher ratio in grades Kindergarten through six (K-6) of no more than ten (10) to one (1). If a paraprofessional is employed in addition to a licensed supervisor, the student/teacher ratio shall be no more than twelve (12) to one (1).

4.02.1.3 In a middle school where the grade configuration includes grades five (5) and/or six (6), the fifteen (15) to one (1) student/teacher ratio may be utilized.

4.02.1.~~2~~4 Have a student/teacher ratio in grades seven through twelve (7-12) of no more than fifteen (15) to one (1). If a paraprofessional is employed in addition to a licensed supervisor, the student/teacher ratio shall be no more than eighteen (18) to one (1).

4.02.1.~~4~~5 Provide each ~~alternative learning~~ ALE student with access to the services of a school counselor or a mental health professional, a nurse, and support services provided to other students.

4.02.1.~~5~~6 Coordinate the ALE with state and federal student assistance programs.

4.02.1.~~6~~7 Submit a description of the ALE ~~on a form developed by the Department. This description shall be included~~ in the districts' Arkansas Comprehensive School Improvement Plan (ACSIP).

4.02.1.~~7~~ 8 Have an Alternative Education Placement Team ~~in place in order~~ to determine student placement in the ALE. This team ~~should~~ shall include the referring school counselor, ~~the~~ ALE administrator, ~~director or~~ building principal, and LEA special education or 504 representative, if applicable. ~~a~~ A parent or legal guardian and the student's ~~a~~ regular classroom teacher(s) should be included in the student placement determination. The school district shall document efforts of contacting the parent/guardian to schedule a meeting or a phone call for a placement meeting at the parent/guardian's convenience.

4.02.1.~~8~~9 Maintain documentation of the presence of the characteristics listed in the student's plan.

4.02.1.~~9~~ 10 Provide that the ALE shall not be punitive but should provide the guidance, counseling, and academic support to enable students who are experiencing emotional, social or academic problems to continue to make progress toward educational goals either in the traditional educational system or the General Educational Development (GED) Program.

4.02.1.~~10~~ 11 Provide that computer programs when used in the ALE setting will supplement teacher instruction.

4.02.1.~~11~~ 12 Develop an agreement with the parent or guardian, teacher or ALE director, and student outlining the responsibilities of the school, parent, and the student to provide assurance that the plan for each student is successful.

4.02.1.~~12~~ 13 Provide a curriculum including mathematics, science, social studies, and language arts aligned with the regular classroom instruction or with the standards for the tests of the GED.

4.02.1.~~13~~ 14 Develop exit criteria on which to base a student's return to the regular program. A positive behavior or transitional plan shall be in place prior to returning an ALE student to the prior classroom placement.

4.02.1.~~14~~ 15 Require ALE staff to meet the same professional development requirements as other certified staff.

4.02.1.~~15~~16 -The ~~Department~~ADE shall monitor ALEs as required in compliance with Ark. Code Ann. § 6-18-509.

4.02.1.17 All districts within an agreed upon consortium must submit the contract agreement to ADE by October 1 of each school year.

4.02.1.18 All students attending a consortium shall follow the lead district's school calendar.

4.02.1.19 Meals provided at remote ALE facilities shall follow the Arkansas Child Nutrition guidelines or shall be approved by the Arkansas Department of Education's Child Nutrition Section.

4.03 ALE Funding

4.03.1 The ALE funding amount shall be the amount required by law times the district's eligible ALE students'~~s~~ full time equivalent (FTE) in the previous school year as defined in ~~this Rule~~these Rules.

4.03.2 An ALE student shall be counted as no more than one student for ALE funding purposes.

4.03.3 An eligible ALE student's FTEs shall be determined by the number of hours taught in an eligible ALE each day divided by 6 hours, times the number of days an eligible student attends the ALE, plus the number of days absent, divided by the number of school days actually taught in the school year.

4.03.3.1 Prior to the 2010-2011 school year, an ~~Alternative Learning~~ALE Student is a student who has ~~attended~~ been enrolled in an eligible ALE for a minimum of twenty (20) days per school year.

4.03.3.2 Beginning with the 2010-2011 school year, an ALE Student is a student who has been enrolled in an eligible ALE for a minimum of twenty (20) consecutive days per school year.

4.03.3.~~2~~ 3 Full Time Equivalent (FTE) ~~Alternative Learning~~ALE Student is an ~~alternative learning~~ALE student who has at least six (6) hours per day of student/teacher interaction time in the ALE, and attends the ALE for the entire school year.

4.03.4 ALE funding is restricted state aid.

4.03.5 ALE funding shall be spent on eligible ALE programs ~~activities~~ identified in ~~this Rule~~these Rules except as otherwise allowed by law or rule.

4.03.6 ALE funding may be carried over from one fiscal year to the next but these funds shall remain restricted to the priority areas as defined in ~~this Rule~~these Rules.

5.00 Special Needs - English Language Learners (ELL)

5.01 The ELL funding amount shall be the amount required by law times the district's identified ~~English Language Learners~~ELL students in the current school year.

5.01.1 The number of identified ELL students shall be a total of all students identified by the State Board as not proficient in the English language based upon approved English proficiency assessment instruments.

5.01.2 Documentation to be used for the calculation of the number of identified ELL students must be submitted to the ~~Department~~ADE no later than November 30 of each school year.

5.01.3 An ELL student shall be counted as no more than one student for ELL funding purposes.

5.02 School districts shall maintain documentation of each student identified as an ELL.

5.03 For ELL funding purposes, State-approved English proficiency assessment instruments include:

5.03.1 LAS (Language Assessment Scales)

~~5.03.2 IDEA (IPT-Idea Proficiency Test)~~

~~5.03.3 Woodcock-Munoz~~

~~5.03.4~~ 5.03.2 Maculaitis Assessment of Competencies

~~5.03.5 Language Assessment Battery~~

5.03.2 English Language Development Assessment ~~(ELDA)~~ English Language Proficiency Screener

5.04 ELL funding shall be expended for ~~the following~~ eligible activities including, but not limited to, the following:

5.04.1 Salaries for ELL-skilled instructional services (not supplanting district financial obligations for providing teachers for ELL students).

504.2 Funds for teacher training, consultants, workshops, ELL course work including ~~Department~~ADE sponsored training programs.

5.04.3 Released-time for ~~planning program selection, and~~ ELL program development.

5.04.4 Selection and purchase of language-appropriate instructional and supplemental (enrichment) materials for ELL students -(including computer-assisted technology and library materials).

5.04.5 Language and cultural skills training for school-based health service providers, c~~C~~ounseling service~~s~~ providers, and~~,~~ community liaison staff ~~with language and cultural skills~~ as needed to serve ~~appropriate to the~~ ELL students~~population~~.

5.04.6 Assessment activities, which ~~address~~ include test administration, identification, placement, and review of ELL student academic progress, as well -as evaluation activities to determine the effectiveness of the district's ELL program.

5.04.7 Funds for the implementation of supplemental instructional services for ELL students.

5.~~04~~ 05 ELL funding may be carried over from one fiscal year to the next, but these funds shall remain restricted to those priority areas defined in ~~this Rule~~these Rules.

5.~~05~~ 06 A description of ELL activities and funding shall be included in the district's ~~Arkansas Comprehensive School Improvement Plan (~~ACSIP~~)~~.

6.00 Special Needs - National School Lunch Act ~~(NSLA)~~

6.01 ~~The NSLA~~National school lunch state categorical funding ~~amount~~ under Ark. Code Ann. § 6-20-2305 (b) (4) shall be ~~determined by~~ based on the ~~district's total~~ number of national school lunch students ~~identified as eligible to participate in the NSLA Program~~for the immediately preceding school year determined under 3.15 of these Rules, divided by the district's total enrolled students for the immediately preceding school year. ~~The product shall be calculated to one tenth of one percent, and rounded up to the nearest whole number from five tenths or down to the nearest whole number from less than five tenths~~. If the school district is a Provision 2 district, this funding is based on the school district's percentage of national school lunch students submitted in the base year, multiplied by the number of enrolled students for the immediately preceding school year. ~~NSLA funding for Provision 2 districts shall be determined as defined in Ark. Code Ann. § 6-20-2303 (12)(B)(i) and (ii).~~ For determination of the per student amount of national school lunch state categorical funding, the percentage shall be calculated to one tenth of one percent, and rounded up to the nearest whole number from five tenths or down to the nearest whole number from less than five tenths

6.01.1 For school ~~Districts~~ districts in which ~~with~~ ninety percent (90%) or greater of the previous school year's enrolled students ~~eligible for the NSLA Program~~ are national school lunch students, ~~shall receive~~ per student national school lunch state categorical funding shall be the amount required by Ark. Code Ann. § 6-20-2305(b)(4)(A)(i) ~~law for each student eligible for the NSLA Program~~.

6.01.2 For school ~~Districts~~ districts in which ~~with~~ less than ninety percent (90%) ~~and~~ but at least seventy percent (70%) of the previous school year's enrolled students ~~eligible for the NSLA Program~~ are national school lunch students, ~~shall receive~~ per student national school lunch state categorical funding shall be the amount required by Ark. Code Ann. § 6-20-2305(b)(4)(A)(ii) ~~law for each student eligible for the NSLA Program~~.

6.01.3 For school ~~Districts~~ districts in which ~~with~~ less than seventy percent (70%) of the previous school year's enrolled students are national school lunch students, ~~eligible for the NSLA Program shall receive~~ per student national school lunch state categorical funding shall be the amount required by Ark. Code Ann. § 6-20-2305(b)(4)(A)(iii). ~~law for each student eligible for the NSLA Program.~~

6.01.4 Districts must participate in the federal ~~National School Lunch~~NSLA Program to receive ~~NSLA~~ national school lunch state categorical f~~F~~unding.

6.02 The district percentage of NSLA eligible students shall be determined from the Arkansas Public School Computer Network's Cycle 2 report for the previous school year.

6.02.1 The Child Nutrition Unit of the ~~Department~~ADE shall verify the Cycle 2 report for accuracy.

6.02.2 Adjustments to the Cycle 2 report shall be made by the ~~Department~~ADE based on documentation provided by the school district.

6.03 ~~NSLA~~ National School Lunch State Growth Funding

6.03.1 The ~~Department~~ADE shall use the Cycle 2 enrollment data for the previous four years to calculate a three-year trend in district enrollment.

6.03.2 If a district has grown at least one percent for each of the three previous years, ~~they~~ it shall qualify for ~~NSLA~~ National School Lunch State Growth Funding.

6.03.3 Districts that qualify for funding shall receive ~~NSLA~~ National School Lunch State Growth Funding.

6.03.4 The funding shall be calculated as the three year average growth in enrollment multiplied by the district's previous year's percentage of students eligible for the federal NSLA Program multiplied by the per student funding amount determined in 6.01.

6.04 Transitional ~~NSLA~~National School Lunch State Funding Methods ~~Due to Percentage Changes in NSLA Students~~

~~6.04.1 Beginning with the 2007-2008 school year, the percentage of students eligible for free and reduced priced meals will be calculated by the Department of Education based on information validated by the Child Nutrition Section.~~

~~6.04.2 A comparison will be made between the percentage of students eligible for free and reduced priced meals in the most recent previous year and the year previous to that year.~~

~~6.04.3 Districts that have a change in the percentage of students eligible for free and reduced priced meals will be identified.~~

~~6.04.4 Beginning with the 2007-2008 school year, any school district that is to receive NSLA funding based on a different categorical amount of per student NSLA funding than was received the preceding school year, due to an increase or decrease in the percentage of NSLA students of the district's total October 1 enrollment as compared to the district's preceding school year's NSLA population, shall receive such increase or decrease in per student NSLA funding in three, one-third increasing or decreasing equal transition amounts over a three-year time period or until the district is receiving that amount of NSLA funding the district is legally entitled to receive as provided in Section 6.04.8 of this rule.~~

~~6.04.5 The three-year transition funding process will begin the year following the year in which the district's number of NSLA students meets, exceeds or falls below ninety percent (90%) but is greater than seventy percent (70%) or will begin the year following the year in which the district's number of NSLA students meets, exceeds or falls below seventy percent (70%) but is less than ninety percent (90%).~~

~~6.04.6 The total amount of NSLA funding will be determined based on the district's NSLA population as a percentage of the district's total October 1 enrollment.~~

~~6.04.7 A district's NSLA funding is based on the number of free and reduced priced students times the funding amount as established by the General Assembly.~~

~~6.04.8 When the annual calculation of the percentages meets the conditions outlined in Section 6.04.5 of this rule, then the total increase or reduction in the amount of NSLA funding due to be paid to the district will be increased or decreased by one third of the amount of increase or decrease in the first year of the transition, two-thirds of the amount of the increase or decrease in the second year of the transition, and by the full amount of the increase or decrease in the third year of the transition process.~~

~~6.04.9 No district shall be entitled to receive more or less per student NSLA Funding at the end of the transition process than is due to be paid to the district in NSLA funding as a result of the transition funding process.~~

6.04.1 Beginning with the 2009-2010 school year, if a school district receives, in the current school year, national school lunch state categorical funding under Ark. Code Ann. § 6-20-2305(b)(4)(A) that is based on a different per student amount of national school lunch state categorical funding than the school district received in the immediately preceding school year, due to a percentage change in national school lunch students, the ~~Department~~ADE shall adjust the funding to the school district in a transitional three-year period.

6.04.2 The amount of national school lunch state categorical funding under Ark. Code Ann. § 6-20-2305(b)(4)(A) shall be increased or decreased in each year of a three-year transition period by one-third (1/3) of the difference between the amount of national school lunch state categorical funding per student for the current year and the amount of national school lunch state categorical funding per student for the immediately preceding year, adjusted for changes to the funding rates in Ark. Code Ann. § 6-20-2305(b)(4)(A).

6.04.3 The method of transition for a school district that experiences a decrease in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following example of a decrease in national school lunch state categorical funding per student from $1,488 in the immediately preceding year to $992 in the current year:

For illustrative purposes:

- Year one (current year) of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is $1,322.67 ($1,488 - $165.33).
- Year two of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is $1,157.34 ($1,322.67- $165.33).
- Year three (final year) of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is $992 ($1,157.34 - $165.34).

6.04.4 The method of transition for a school district that experiences an increase in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following example of an increase in national school lunch state categorical funding per student from $992 in the immediately preceding year to $1,488 in the current year:

For illustrative purposes:

- Year one (current year) of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is $1,157.33 ($992 + $165.33).
- Year two of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is $1,322.66 ($1,157.33 + $165.33).
- Year three (final year) of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is $1,488 ($1,322.66 + $165.34).

6.04.5 The method of transition for a school district that, within a three-year period, experiences both a decrease and an increase in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following two examples:

6.04.5.1 In the first example, a school district experiences an *increase* in national school lunch state categorical funding per student from $992 in the immediately preceding year to $1,488 in the current year, and a *decrease* to $992 in the following year. In this instance, the transition is completed in two years rather than three.

For illustrative purposes:

- Year one (current year) of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is $1,157.33 ($992 + $165.33).
- Year two (final year) of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is $922 ($1,157.33 - $165.33).

6.04.5.2 In the second example, a school district experiences a decrease in national school lunch state categorical funding per student from $992 in the immediately preceding year to $496 in the current year, no change in the second year, and an increase to $992 in the third year. In this instance, the transition is completed in four years rather than three.

For illustrative purposes:

- Year one (current year) of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is $826.67 ($992 - $165.33).
- Year two of transition (decrease 1/3) – the transitioned amount of national school lunch state categorical funding per student is $661.34 ($826.67- $165.33).
- Year three of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is $826.67 ($661.34 + $165.33).
- Year four (final year) of transition (increase 1/3) – the transitioned amount of national school lunch state categorical funding per student is $992 ($826.67 + $165.33).

6.05 Each school district receiving ~~with NSLA~~ national school lunch state categorical ~~students~~ funds shall provide a ~~research based~~research-based program(s) or purpose(s) for students scoring below proficiency ~~eligible for NSLA funding~~ in order to improve instruction and increase academic achievement of those students. This does not prohibit use of funds in performing schools to continue doing those strategies that are sustaining that performance.

6.05.1 Effective July 1, 2010, chronically underperforming schools shall develop and implement its ACSIP plan and shall use national school lunch state categorical funding to include, but not limited to:

6.05.1.1 Use of an Arkansas Scholastic Audit in school not meeting adequate yearly progress for three (3) or more consecutive years of School Improvement.

6.05.1.2 Use disaggregated school data to set academic targets in reading, writing, mathematics, and science.

6.05.1.3 Use improvement targets to define professional development needs related to content, instruction, differentiation, and best practices in educating student subgroups as identified in need.

6.05.1.4 Develop interim building-level assessment to monitor student progress toward proficiency on the state benchmark assessments.

6.05.1.5 Develop a plan to immediately address gaps in learning

6.05.1.6 Examine and realign, as needed, school scheduling, academic support systems, and assignments of personnel to improve student achievement.

6.05.1.7 Design a plan for increasing parental knowledge and skill to support academic objectives.

6.05.1.8 Evaluate the impact of the before mentioned educational strategies on student achievement.

6.06 National school lunch~~NSLA~~ state categorical funding shall not be used to meet or satisfy the Arkansas Standards for Accreditation required by Ark. Code Ann. § 6-15-201 et seq. the Arkansas Minimum Teacher Salaries required by Ark. Code Ann. § 6-17-2403 except as otherwise allowed herein this section.

6.06.1 ~~NSLA~~ National school lunch state categorical funding shall not be used to augment, replace, or supplement the mandatory requirements of the Arkansas Standards for Accreditation required by Ark. Code Ann. § 6-15-201 et seq. unless the expenditure is for the purposes outlined under Section 6.07 of ~~this Rule~~these Rules .

6.06.2 A district may use ~~NSLA~~national school lunch state categorical funds as a bonus or to supplement salaries above the minimum salary schedule required by Ark. Code Ann. § 6-17-2403 provided the school district is in compliance with and meets the eligibility provision of ~~this rule~~these Rules.

6.06.3 School districts may use ~~NSLA~~national school lunch state categorical funds to pay the salaries of those teachers which are used to reduce the pupil to teacher ratio below the mandates required by the Arkansas Standards of Accreditation under the following conditions:

6.06.3.1 In its ACSIP, the~~T~~he district designates~~, in a written plan submitted to the ADE which must be approved by the ADE,~~ the specific teacher(s) ~~which are~~ used to reduce the pupil-to-teacher ratios required by the Standards of Accreditation~~:~~; explain how the district will use ~~NSLA~~ national school lunch state categorical funds to only pay the salaries of those class-size-reduction teachers or other teachers designated by the ADE as bona fide ~~NSLA~~ national school lunch state categorical program or purpose expenditures as allowed by Section 6.07 of these ~~r~~Rules; explains how the district will use class-size-reduction teachers(s) pursuant to a recognized published research-based program to specifically target an identified academic deficiency or need of the district which aligns with and supports the district's ~~Arkansas Comprehensive School Improvement Plan~~ACSIP;

6.06.3.2 Any district which did not use ~~NSLA~~ national school lunch state categorical funds to support the salaries of the class-size-reduction teachers by June 30 in the 2006-2007 school year is limited to using ~~NSLA~~ national school lunch state categorical funds to support the salaries of only those class-size-reduction teachers in kindergarten through the eighth (8th) grade of the school district starting in the 2007-2008 school year and each school year thereafter, provided the district submits a detailed written plan as required in § 6.06.3.1 which is approved by the ADE; and

6.06.3.3 Along with any request to expand or increase the use of ~~NSLA~~ national school lunch state categorical funds to pay for or support the salaries of class-size-reduction teachers from a previous school year, the district shall submit a written justification showing how the funds are being used to support an increased academic deficiency or need of the district and is not an attempt to avoid or circumvent the general purpose of reducing the amount of ~~NSLA~~ national school lunch state categorical funds used to increase teacher salaries as required and mandated by Ark. Code Ann. § 6-20-2305.~~by Act 1590 of 2007~~.

6.06.3.4 National school lunch state categorical funds to support the salaries of the class-size reduction teachers shall only be used to reduce the pupil-to-teacher ratios required by the Standards of Accreditation for each single grade level.

6.07 ~~NSLA~~ National school lunch state categorical funding shall be expended for eligible program(s) or purpose(s) that are research-based and aligned to the Arkansas Content Standards for improving instruction and increasing achievement of ~~NSLA identified~~ students at risk of not meeting challenging academic standards. ~~either existing or new.~~ These programs or purposes include:

6.07.1 Employing Literacy and/or Mathematics and/or Science Specialists/Coaches (K-12) and/or instructional facilitators that meet the following requirements:

6.07.1.1 The Specialists/Coaches and/or instructional facilitators are educators who assist in curriculum alignment with state curriculum documents; alignment of classroom assessment with statewide exams; instructional strategies; professional development and implementation of training; choosing standards-based instructional materials; understanding of current research; advantageous arrangement of the instructional day; and integrating technology into instruction.

6.07.1.2 Qualifications for Specialists/Coaches (K-12 and/or Instructional Facilitators):

- At least ~~three~~ four years of recent teaching experience in appropriate content areas within grades K-12
- Knowledge of Arkansas Curriculum Framework
- Knowledge of current research and effective practices in standards-based curriculum, instruction, and assessment
- Experience in adult learning situations and in team problem solving
- A bachelor's degree (a master's degree would be preferred).
- ~~B~~ Or, completion of the required two-year training and teaching components of the Teach for America Program."

6.07.2 Providing ~~research based~~research-based professional development in the areas of literacy and/or mathematics and/or science in grades Kindergarten through twelfth grade (K-12) as defined in the Arkansas Department of Education Regulations Governing Attendance at Certified Instructional Professional Development Sessions (Ark. Code Ann. § 6-17-702).

6.07.3 Employing highly qualified classroom teachers in grades Kindergarten through

twelfth grade (K-12) pursuant to the restrictions set forth in Section 6.06 of this Rule.

6.07.4 Providing research-based before and after-school academic programs, including transportation to and from the programs.

6.07.5 Providing research-based pre-kindergarten programs that meet the program standards as outlined in the Rules Governing the Arkansas Better Chance program.

6.07.6 Employing Tutors:

6.07.6.1 Tutors must be able to demonstrate competency (as determined locally) in each area where instruction is provided.

6.07.6.2 Tutors must work under the supervision of highly qualified classroom teachers.

6.07.7 Employing Teacher's Aides:

6.07.7.1 Teacher's aides must be highly qualified.

6.07.7.2 Teacher's aides must work under the direct supervision of highly qualified teachers.

6.07.8 Employing ~~certified~~ licensed counselors and nurses above standard mandates.~~, licensed social workers and/or nurses.~~

6.07.9 Employing coordinated school health coordinator

6.07.10 Employing human service workers

6.07.11 Employing licensed mental health counselors

6.07.12 Employing licensed certified social workers or licensed social workers

6.07.~~9~~13 Employing Curriculum Specialists:

6.07.13~~9~~.1 The Curriculum Specialists shall meet current licensure requirements that are outlined in the Rules Governing Initial and Standard Administrator Licensure.

6.07.14 Employing School Resource Officers (SRO) whose job duties include research-based methods and strategies tied to improving achievement of students at risk.

6.07.15 Providing experience-based field trips

6.07.~~10~~16 Providing parent education that addresses the whole child.

6.07.~~11~~17 Providing summer programs that ~~employ~~ implement research-based methods and strategies.

6.07.~~12~~18-Providing early intervention programs:

6.07.~~12~~18.1 Early intervention means short-term, intensive, focused, individualized instruction developed from ongoing, daily, systematic diagnosis that occurs while a child is beginning in the initial, kindergarten through grade one (K-1), stages of learning social skills, early reading, writing, and mathematical strategies to ensure acquisition of the basic skills and to prevent the child from developing poor behavior and problem-solving habits which become difficult to change.

6.07.~~13~~ 19 Obtaining materials, supplies, and equipment, including technology, used in approved instructional programs or for approved purposes. The approved programs and or purposes support the local educational agency's ACSIP.

6.07.~~14~~20 -Other activities approved by the ~~Department~~ADE that will further the purposes of this Section. Such activities include, but are not limited to, research-based activities and activities directed at chronically under-performing schools.

6.08 Use of ~~these~~ national school lunch state categorical funds shall be included within the school and/or school district's ACSIP. The ACSIP will include how the funds will be spent, the person(s) responsible, a timeline, and budget.

6.08.1 The district shall evaluate programs supported by ~~NSLA~~ national school lunch state categorical funds annually to ensure that the programs are providing intervention/prevention services designed to increase student achievement.

6.08.2 The district shall maintain documentation that supports gains in student achievement as measured by the state assessment system.

6.09 ~~NSLA~~ National school lunch state categorical funding may be carried over from one fiscal year to the next, but these funds shall remain restricted to priority areas as defined in ~~this~~ these Rules or law.

6.10 ~~NSLA~~ National school lunch state categorical funding is restricted state aid, except as otherwise allowed by law or Rule.

6.11 ~~Flexibility In Use of NSLA Categorical Funding~~ Use of excess ~~NSLA~~national school lunch state categorical funds to supplement teacher salaries

6.11.1 ~~Bonuses – Only those s~~ School districts ~~which~~ that have met ~~meet~~ the needs of students for whom the ~~additional~~ national school lunch state categorical funds are provided, and that have ~~following conditions as verified in writing by the Commissioner of Education (or his/her designee) shall be allowed to use~~ excess ~~NSLA~~ national school lunch state categorical funds, may request to use the excess ~~NSLA~~national school lunch state categorical funds to supplement teacher salaries under the following conditions: ~~funding as a bonus to all classroom teacher salaries:~~

~~6.11.1.1 The school district submits in writing on or before March 31 of the current school year the following:~~

~~6. 11.1.1.1~~

6.11.1.1 ~~That~~ the school district shall not use any portion of the ~~NSLA~~ national school lunch state categorical funds that are carry forward or reserve funds as a ~~bonus~~ supplement to classroom teacher salaries;

~~6.11.1.1.2~~

6.11.1.2 ~~That~~ the school district is meeting the minimum teacher salary schedule under Ark. Code Ann. § 6-17-2403 without using ~~current year, carry forward or reserve~~ ~~NSLA~~ national school lunch state categorical funds;

~~6.11.1.1.3~~

6.11.1.3 ~~That~~ the school district is in full compliance with the rules and laws governing the Standards for Accreditation of Arkansas Public Schools under Ark. Code Ann. § 6-15-201 et seq. and the rules and laws governing the Arkansas Fiscal and Accountability Program under Ark. Code Ann. § 6-20-1901 et seq. without using current year, carry forward or reserve ~~NSLA~~ national school lunch state categorical funds. ~~No school district in probationary violation of the Standards of Accreditation or not in compliance with fiscal distress laws shall be allowed to use NSLA funds to pay a bonus to all classroom teachers as allowed in Section 6.11.1.~~

~~6.11.1.1.4 The district submits a written detailed plan with the school district's Arkansas Comprehensive School Improvement Plan stating how the school district will use its excess NSLA current year funds as bonuses to all classroom teacher salaries; how the district has met the adequate educational needs of all the students in the district; that the school district has met the conditions and requirements of Section 6.11.1 of this rule and how the school district has prudently managed the resources of the district. In order to help verify this information, the districts shall, at a minimum, provide the following written information:~~

~~a. Total amount of NSLA funds held in balance by a school district; total amount of current year NSLA funds received by the district; total amount of current year NSLA funds applied to any bonus or salary of an employee of the district; names of those employees of the district who will receive a bonus or increase in salary from NSLA funds; percent of current year and total NSLA funds used as a bonus for classroom teachers.~~

~~b. A listing of all programs and actions and purpose of the programs which were funded by current year NSLA funds and funded by reserve or carry forward NSLA funds.~~

~~c. Staffing charts listing individual employees and their certification levels used to support the listed NSLA programs.~~

~~d. A listing of the targeted participants of each NSLA program along with the targeted curriculum content area(s) to be addressed by the NSLA programs;~~
~~e. Specific objectives for each NSLA programs;~~
~~f. Outline of how the district will measure and monitor the performance of NSLA programs;~~
~~g. Specify the measurement outcomes of each of the NSLA programs;~~
~~h. Report whether the district is in academic distress or failing to make adequate yearly progress (AYP). If failing to make AYP, specify which subgroups are failing and how the district is using NSLA funds to address such failures; and~~
~~i. A listing of the average student-to-teacher ratio for the school district.~~

6.11.1.4 The school district shall not allocate or use any excess ~~NSLA~~national school lunch state categorical funds in any manner except to supplement teacher salaries, unless in accordance with the transfer provisions stated in section 8.00 of this rule

6.11.1.5 Excess ~~NSLA~~national school lunch state categorical funds used as a bonus to supplement teacher salaries shall not be considered a permanent obligation under the school district's teacher salary schedule.

6.11.1.6 The school district will include the amount and uses of excess national school lunch state categorical funds in its ACSIP.

6.11.1.7 The district has met or is meeting the adequate educational needs of students.

6.11.1.8 The district has prudently managed its resources

6.11.1.9 The district has met all requirements of Section 6.11 of this Rule

6.11.1.10 If the district used excess national school lunch state categorical funds in the prior year to supplement teacher salaries, the district has submitted the required report on prior year expenditures as required by Section 6.11.5.

6.11.1.11 The district has submitted the portion of its ACSIP that described the uses of national school lunch state categorical funds.

6.11.1.12 The district has complied with the mandatory 20% reduction of actual amount of prior year national school lunch state categorical funds used to supplement teacher salaries above the minimum teacher salary schedule until the district has no more than 20% of the total of current year national school lunch state categorical funds used as a supplement to teacher salaries above the minimum teacher salary schedule.

~~6.11.2 No school district that is currently in probationary violation of the Standards for Accreditation or not in compliance with fiscal distress laws shall be allowed to use NSLA funds to pay bonuses to all classroom teacher salaries.~~

6.11.2 A school district requesting to use excess ~~NSLA~~national school lunch state categorical funds as a supplement to the minimum teacher salary schedule under Ark. Code Ann. § 6-17-2403 shall provide the following information to the Commissioner of Education, or designee, by February 15 of the school year for which approval is requested:

6.11.2.1 A statement of assurance attesting to compliance with sections 6.11.1 of these Rule

6.11.2.2 The actual amount of excess ~~NSLA~~national school lunch state categorical funds used to supplement salaries above the required minimum salary schedule in the previous school year, the actual amount of total ~~NSLA~~national school lunch state categorical funds received in the previous school year, and the actual percentage of ~~NSLA~~national school lunch state categorical funds used as a supplement above the required minimum salary schedule to total ~~NSLA~~national school state categorical funds received

6.11.2.3 The budgeted amount of excess national school lunch state categorical funds used to supplement salaries above the required minimum salary schedule in the current school year, the budgeted amount of total national school lunch state categorical funds received in the cyrrent school year, and the calculated percentage of national school lunch state categorical funds used as a supplement above the required minimum salary schedule to total national school lunch state categorical funds received in the current year.~~.~~

6.11.2.4 If the percent of excess national school lunch state categorical funds used as a supplement above the required minimum salary schedule to total national school lunch state categorical funds received is greater than twenty percent (20%), the district shall reduce by twenty percent (20%) the actual amount of prior year national school lunch state categorical funds used to supplement teacher salaries above the minimum teacher salary schedule until the district has no more than twenty percent (20%) of the total of current year national school lunch state categorical funds used as a supplement to teacher salaries above the minimum teacher salary schedule.

6.11.2.5 No school district shall use national school lunch state categorical funds to supplement salaries above the required minimum salary schedule without first obtaining the express written approval of the Commissioner of Education of his/her designee.

~~6.11.3 No school district shall use NSLA funds to pay a bonus to classroom teachers without first obtaining the express written approval of the Commissioner of Education or his/her designee.~~

6.11.3 A school district requesting to use excess national school lunch state categorical funds as a supplement in the form of a bonus, shall provide the following information to the Commissioner of Education, or designee, by February 15 of the school year for which approval is requested.

6.11.3.1 A statement of assurance attesting to compliance with sections 6.11.1 of this Rule

6.11.3.2 The information required in Section 6.11.2, and any other information requested by the ADE,

6.11.3.3 The amount of funds to be used as a bonus

6.11.3.4 The total amount of national school lunch state categorical funds the district will receive in that year

6.11.3.5 In response to the district's request, the Commissioner shall evaluate the district's test scores against the state averages as one indicator of how the district has met the educational needs of students. Tests may include, but not be limited to, grades three (3) through eight (8) state required benchmark exams in math and literacy and state required end-of-course exams for algebra, biology, geometry, and literacy.

6.11.3.6 As additional assessment data becomes available, it may also be included in the Commissioner's review

6.11.3.7 No school district shall use national school lunch state categorical funds as a bonus without first obtaining the express written approval of the Commissioner of Education or his/her designee.

6.11.4 Upon review of the information required in Section 6.11.2, 6.11.3, and any other information requested by the ~~Department~~ADE, if the Commissioner of Education, or designee, determines the school district has met the needs of students, has prudently managed its resources, and has complied with these Rules and the law, the Commissioner shall give written approval of the use of excess national school lunch ~~NSLA~~ state categorical funds to supplement teacher salaries.

6.11.4.1 Such approval is limited to one school year.

~~6.11.4 The Commissioner of Education shall not provide written express approval to a school district to use current year NSLA funds as a bonus to all classroom teacher salaries without first determining:~~

~~6.11.4.1 That a school district has met the adequate educational needs of the students in the district;~~

~~6.11.4.2 That the district has met all the requirements of this rule and Act 1590 of 2007; and~~

~~6.11.4.3 That the district has prudently managed the resources of the district.~~

6.11.5 By September 15 ~~On or before June 15~~ of each school year, any school district that received written approval to ~~which was granted flexible~~ use ~~of~~ national school lunch ~~NSLA~~ state categorical funds ~~under this rule~~ as a supplement to teacher salaries in the previous school year shall issue a written report to the Commissioner of Education listing:

6.11.5.1 Each program upon which national school lunch ~~NSLA~~ state categorical funds were expended~~;~~.

6.11.5.2 The actual amount of national school lunch ~~NSLA~~ state categorical funds expended on each program~~;~~.

6.11.5.3 Information required in Section 6.11.2 and 6.11.3, and any other information requested by the ~~Department~~ADE

~~6.11.5.3 The actual NSLA programs that were implemented by the district which were listed in this rule;~~

~~6.11.5.4 The actual content of each program and whether instructional materials were issued to the students for each program;~~

~~6.11.5.5 The students and staff assigned to each NSLA program;~~

~~6.11.5.6 The relevant test score data on students assigned to the NSLA programs as required by the Department;~~

~~6.11.5.7 A content description of all professional development used to support NSLA programs and providing a listing of all teachers and staff assigned to such professional development;~~

~~6.11.5.8 A report on current student progress and longitudinal student progress for each NSLA program;~~

~~6.11.5.9 A report reconciling the budget for NSLA programs to actual NSLA expenditures; and~~

~~6.11.5.10 The year-end balance of current year NSLA funds, carry forward or reserve NSLA funds and total NSLA funds.~~

6.11.6 Upon review, at any time during a school year, of a school district's Arkansas Comprehensive School Improvement Plan, those reports and information required by ~~this rule~~these Rules, test or financial data or other indicators of a school district, if the Commissioner of Education or his/her designee determines a school district has not met the needs of students that may be served by national school lunch ~~NSLA~~ state categorical funds, has provided false or misleading information or has failed to comply with the provisions of the district's submitted plans without obtaining ADE approval to change the submitted plans required by this rule, the Commissioner of Education may require that any and all national school lunch ~~NSLA~~ state categorical funds dedicated for use or application as a bonus shall be removed from and not used as a bonus and may require the school district to redirect the national school lunch ~~NSLA~~ state categorical funds to meet other educational needs of the students of that district.

~~6.11.7 Any excess NSLA funds used as a bonus to supplement the salaries of classroom teachers shall only be used as a non-recurring bonus to a classroom teacher's salary and shall not be considered a permanent obligation of the school district under the district's teacher salary schedule or as a contract obligation.~~

6.11.7 Only those school districts which previously used or applied excess national school lunch ~~NSLA~~ state categorical funds to supplement the teacher salary schedule for all classroom teachers in the district as part of a salary obligation may continue to use national school lunch ~~NSLA~~ state categorical funds as a salary obligation to the extent the district has received approval from the Commissioner of Education under Section 6.12 and the district is in full compliance with these Rules.~~this rule~~. ~~under Section 6.11 and Act 1590 of 2007.~~

~~6.12 Flexibility In Use of NSLA Categorical Funding As a Salary Obligation~~

~~6.12.1 Salaries – Beginning with the 2007-2008 school year and each school year thereafter, only those school districts that used or applied NSLA funds as a salary supplement to the teacher salary schedule for all classroom teachers during the~~

~~2006-2007 school year as required under former § 6-202305(b)(4)(c)(i)(b) [repealed] may apply to continue to use or apply current year received NSLA funds to a salary obligation of the district as part of a teacher salary schedule under the following conditions:~~

~~6.12.1.1 For the 2007-2008 school year, districts shall submit as part of their ACSIP, the requisite detailed information, verification or plans required in Section 6.11 of these rules. Beginning in 2008-2009, on or before March 31 of the prior school year, the school district submits in writing the requisite detailed information, verification or plans required in Section 6.11 of these rules;~~

~~6.12.1.2 That the school district is subject to and otherwise meets all the other requirements of this rule (except where appropriate the district reports use of NSLA funds used for salaries rather than bonuses or both as may be applicable) of this rule and has received the express written approval of the Commissioner of Education (or his/her designee) to continue to use NSLA funds on a 20% reduction of actual amount of the NSLA funds used as a salary obligation from the prior school year until the district has no more than 20% of the total of any current year NSLA funds received by the district used as a supplement to any salary obligation for classroom teacher salaries; and~~

~~6.12.1.3 Each school district eligible to use NSLA funds as a salary obligation must apply for and receive approval each school year as required by this rule.~~

~~6.12. Each school district eligible under this rule is subject to the conditions and requirements of this rule (except where appropriate the district may be required to report required information on the use of NSLA funds as a salary obligation rather than a bonus to salaries or, in some instances, the district is required to report the proposed use of NSLA funds as both a salary obligation and a bonus to salaries as allowed by this rule).~~

~~6.12.1 Nothing in this rule shall be construed or deemed to prohibit those school districts eligible under this rule from also being eligible to apply for application of NSLA funds as a bonus to salaries under this rule, provided the district receives written approval as required by~~. ~~this rule and Act 1590 of 2007.~~

7.00 Special Needs - Professional Development

7.01 The Professional Development funding amount shall be an amount up to the amount required by law times the district's ADM of the previous school year.

7.02 Professional Development funding shall be expended for approved programs and purposes identified in the Rules Governing Professional Development and employing literacy, mathematics, or science coaches as described in ~~this Rule~~these Rules.

7.03 Districts may expend state Professional Development funding to provide the requisite hours of professional development required by Rule or law.

7.04 Professional Development funding is restricted state aid. Professional Development funding shall be spent on activities identified in ~~this Rule~~these Rules, except as otherwise allowed by law or Rule.

7.05 Professional Development funding may be carried over from one fiscal year to the next, but these funds shall remain restricted to priority areas as defined in ~~this Rule~~these Rules.

7.06 Professional Development activities and funding shall be included in the district's ~~Arkansas Comprehensive School Improvement Plan (~~ACSIP~~)~~.

8.00 Financial Accounting for Special Needs State Funding for ALE, ELL, ~~NSLA~~National School Lunch Students, and Professional Development

8.01 After having provided programs designed to meet the needs of students in the respective categorical funding areas, a school district may transfer and expend funds on any of the special needs categories allowed for in ~~this Rule~~these Rules.

8.02 Special needs state funding of ALE, ELL, ~~NSLA~~National School Lunch students, and Professional Development may be used for any of the expenditures identified in ~~this Rule~~these Rules.

8.03 Districts shall report the funds received under each special needs state funding category.

8.04 Districts shall report the expenditures of all special needs state funds as required by law, including, but not limited to, fund balances remaining on June 30 of each year.

8.05 The funds received, transferred, expended, and/or carried over shall balance.

8.06 If the ~~Department~~ADE determines that a district would lose any federal funding due to these explicated expenditure requirements, the special needs state funds may be expended for other academic programs or salaries, as permitted by the ~~Department~~ADE.

Act 1599
A.C.A. §6-24-100 et. seq. and
Rules Governing Ethical Guidelines and Prohibitions for Educational Administrators, Employees, Board Members, and Other Parties (Rules)

Overview
A.C.A. §6-24-101 General policy

(a) It is the policy of the state to promote and balance the objective of protecting integrity and facilitating the recruitment and retention of personnel needed by public educational entities.
(b) All board members, administrators, and employees, as defined herein, shall carry out all official duties for the benefit of the people of the community and the State of Arkansas and shall abide by the provisions of this chapter.
(c) It is the specific intent of this chapter to prohibit self-dealing in transactions between public educational entities and board members, administrators, or employees.

This review of Act 1599 requirements does not include the employment of individuals related to Administrators or School Board members and implemented by Act 1381 of 2005.

Do you need ADE approval?

1. Administrator's wife operates a T-Shirt business
2. School Board member's spouse operates a local garage
3. School Board member's step son-in-law is employed by the local bank
4. School Board member is employed by the local bank
5. Employee is a non-paid officer in a construction company
6. Employee's spouse owns a construction company that has won the bid on a $25,000 construction project
7. Employee's child is employed by a local architecture company
8. A board member is an insurance agent selling insurance to the school employees
9. An employee and their spouse own a pizza restaurant

Key Definitions and Considerations to Act 1599 Requirements
Rules 3.01 Administrator

means any superintendent, assistant superintendent or his/her equivalent, school district treasurer, business manager, or other individual responsible for entity-wide purchasing. *The determining factor for being considered an "administrator" for the purposes of these regulations and compliance with Act 1599 of 2001 is the actual or implied authority of an individual to make purchases on behalf of the entire organization. This definition excludes many building principals (whose purchasing authority is often limited to their own school), but could include athletic directors or others. Classified employees serving in food services, business/accounting or other capacities may also*

be considered "administrators" under Act 1599 when they exercise autonomous system-wide purchasing authority.

Rules 11.00 Administrators
11.01 Administrators shall not contract with the public educational entity which employs him/her.
11.02 Administrators may not contract with any public educational entity except as allowed for by Act 1599 of 2001 and these rules.
11.03 Administrator family members may not contract with the public educational entity that employs the administrator except as allowed for by Act 1599 of 2001 and these rules.

Local Authorization Required
If an Administrator or their family member requests to contract with the school district, the local school board must pass a Resolution authorizing the district to execute the contract

A.C.A. §6-24-105 School boards
(a) General Prohibition. Except as otherwise provided, it is a breach of the ethical standards of this chapter for a board member to contract with the public educational entity the member serves if the board member has knowledge that he or she is *directly or indirectly interested* in the contract.

Rules 10.05 If a contract with a board member or board member's family member totals $5,000 or more, the superintendent of the public educational entity or chief administrator shall seek independent review and approval of the contract from the Commissioner of the Department ...

Local Authorization Required
If a School Board member has a direct or indirect interest in a contract with the school district, the local school board must pass a Resolution authorizing the district to execute the contract, regardless of the amount of the transactions

A.C.A. §6-24-107 Employees
(a) General Provision. Except as otherwise provided, it is a breach of the ethical standards of this chapter for an employee to contract with the public educational entity employing him or her if the employee has knowledge that he or she is directly interested in the contract.

Rules 12.03 If a contract with an employee totals $5,000 or more, the superintendent of the public educational entity shall seek independent review and approval of the contract from the Commissioner of the Department...

Local Authorization Required
If an employee has a direct interest in a contract with the school district, the local school board must pass a Resolution authorizing the district to execute the contract regardless of the amount of the transactions

Rules 3.11 "Directly" or "directly interested" means receiving compensation or other benefits personally or to a business or other entity in which the individual has a financial interest.

Rules 3.18 "Indirectly" or "indirectly interested" means receiving compensation or other benefits personally, *to a family member*, or to a business or other entity in which the individual or a family member has a *financial interest*;

Rules 3.15 "Family" or "family members" means: (A) An individual's spouse; (B) Children of the individual or the individual's spouse; (C) The spouse of a child of the individual or the spouse of a child of the individual's spouse; (D) Parents of the individual or the spouse; (E) Brothers and sisters of the individual or the spouse; (F) Anyone living or residing in the same residence or household with the individual or the spouse; or (G) Anyone acting or serving as an agent of the individual or the spouse.

Rules 3.16 "Financial interest" in a business or other entity means: (A) Ownership of more than a five percent (5) interest; or (B) Holding a position as an officer, director, trustee, partner, or other top level management; or (C) Being an employee, agent, independent contractor, or other arrangement where the individual=s compensation is based in whole or in part on transactions with the public educational entity; or (D) Financial interest does not mean the ownership of stock or other equity holdings in any publicly held company. or (E) Financial interest does not mean clerical or other similar hourly compensated employees.

When ADE approval is required, the following information must be submitted:

- Form E with a complete and full disclosure of all relevant facts
  - Include an estimate of the amount of annual transactions
  - Clearly state the nature of the relationship that determines there is a financial interest in the transactions

When ADE approval is required, the following information must be submitted:

- Form F explaining the unusual circumstances necessitating and justifying the contract
  - Include the specific facts and reasons that justify the contract
  - Include a detailed description of the unusual circumstances that justify the contract

When ADE approval is required, the following information must be submitted:

- Form F explaining the unusual circumstances necessitating and justifying the contract
  - Include the specific facts and reasons that justify the contract
  - Include a detailed description of the unusual circumstances that justify the contract

The information requested in Forms E and F are required by law and Rules.

Either blank or inadequate information could result in the request being denied
See A.C.A. §6-24-105(c), §6-24-106(c), and §6-24-107(b)
See Rules 10.02, 10.03, 10.05(a), 11.05(a), (b), and (c), 12.02, and 12.03(a)

FORM E

CONTRACT DISCLOSURE FORM

Name of Public Educational Entity: _____

Name of Person Disclosing Transaction: _____

Note: Fully complete this form and return to the administration office. NO TRANSACTION OR SERVICE MAY BE RENDERED UNTIL THIS FORM HAS BEEN COMPLETED AND APPROVED. A.C.A. § 6-24-101 and Act 1381 of 2005 require FULL and COMPLETE DISCLOSURE of transactions with public educational entities. KNOWINGLY FAILING to FULLY DISCLOSE pertinent information relating to a transaction could result in criminal felony charges.

I am a (an) ☐ Board Member ☐ Administrator ☐ Employee of the public educational entity.

_____

Mailing Address City State Zip

Home Telephone: _____ **Work Telephone:** _____

Nature of transaction subject to disclosure and approval: _____

Estimated dollar amount of transactions with public educational entity for ENTIRE school year:_____

Check ONE:

☐ **I have a financial interest in the transaction with the public educational entity.**

☐ **A family member has a financial interest in the transaction with the public educational entity.**

☐ **BOTH a family member and I have a financial interest in the transaction with the public educational entity.**

Nature of financial interest: (State how you and/or family members are financially interested in the transaction):

_____

Justification for Approval (State reason why you believe the transactions are in the best interest of the public educational entity: state the unusual circumstances involved.) _____

Check here if Emergency Transaction as defined by Section 9 of A.C.A. § 6-24-101.

PLEASE ATTACH ANY OTHER ADDITIONAL INFORMATION OR DOCUMENTS YOU BELIEVE ARE NECESSARY FOR A FULL, COMPLETE, AND ACCURATE DISCLOSURE OF THE FACTS AND CIRCUMSTANCES OF THE TRANSACTIONS.

SIGNATURE: _____ **DATE:** _____

Form F

RESOLUTION A.C.A. § 6-24-101 and Act 1381 of 2005

Whereas the _____ School District Board of Directors met in a (regular/special), open, and properly-called board meeting on (MM/DD/YY), in (location).Whereas (Number) members were present, a quorum was declared by the chair.
Whereas the Board of Directors received a recommendation to adopt a resolution to enter into a contract with

_____

Full disclosure of all relationships and interest as required by A.C.A. § 6-24-101 and Act 1381 of 2005 that are relevant to proposed contract:

_____

Specific facts and reasons for justifying the contract were:

_____

The unusual circumstances necessitating the contract were:

_____

List of relevant data enclosed:

_____

Whereas _____ board member(s) having declared an interest in the proposed contract left the meeting prior to the discussion of the contract and did not return to the meeting room until the voting on the contract had been concluded.

Whereas the Board, after serious consideration, moved to approve the contract with _____

Whereas the contract was approved with the following restrictions and/or limitations:_____

Whereas the period of the contract shall be from _____ to _____.

Therefore, due to the specific reasons cited above, it is hereby declared to be the intent of the _____ School District Board of Directors to award this contract to _____

As is required by A.C.A. § 6-24-101 and Act 1381 of 2005, the contract is contingent upon approval by the Commissioner of the Arkansas Department of Education, if required. If approval is denied, this contract approved by the Board would be null and void.

_____	_____
Superintendent	Board President
_____	_____
Date	Date

Key Definitions and Considerationsto Act 1599 Requirements Summary

Administrator:

- check the definition of Administrator at Rules 3.01
- If the district employee qualifies as an Administrator by this definition, ALL transactions must be approved by the local school board and by the ADE

School Board member:

- Check the definition of "family member" (as defined at Rules 3.15),
- Check the definition of "Direct" and "Indirect Interest" (as defined at Rules 3.11 and 3.18)
- Determine if the annual amount of transactions will exceed $5,000
- If the school board member has a direct or indirect interest, local school board approval is required
- If the school board member has a direct or indirect interest AND the annual amount of transactions will exceed $5,000 ADE approval is also required

School Employee:

- Check the definition of "Direct Interest" (as defined at Rules 3.11)
- Determine if the annual amount of transactions will exceed $5,000
- If the employee has a direct interest, local board approval is required
- If the employee has a direct interest, AND the annual amount of transactions will exceed $5,000 ADE approval is also required

The most objective way to show there is no self dealing involved in any transaction is to request bids for the transaction.

If the transactions are many small transactions that in total exceed $5,000 annually, the most objective way to show there is no self dealing involved is to document comparative prices in the local area. Example: purchases from a hardware store, catered meals, small repairs, etc.

Do you need ADE approval?

1. Administrator's wife operates a T-Shirt business
2. School Board member's spouse operates a local garage
3. School Board member's step son-in-law is employed by the local bank
4. School Board member is employed by the local bank
5. Employee is a non-paid officer in a construction company
6. Employee's spouse owns a construction company that has won the bid on a $25,000 construction project
7. Employee's child is employed by a local architecture company
8. A board member is an insurance agent selling insurance to the school employees
9. An employee and their spouse own a pizza restaurant

1. Administrator's wife operates a T-Shirt business

- ALL Administrator transactions require ADE approval
- There is No minimum amount of transaction

Answer: Always, at both the local level and from the ADE
Review:
Rule 11.00 Administrators
Rule 3.15 "Family" or "Family member"

2. School Board member's spouse operates a local garage
Determine:

- Will the annual transactions exceed $5,000

Answer: IF the annual transactions exceed $5,000 - Yes
Review:
A.C.A. §6-24-105. School boards.
Rule 3.18 "Indirectly Interested"
Rule 3.15 "Family" or "Family member"
Rule 3.16 "Financial Interest"
Rule 10.05 $5,000 minimum annual transactions
Forms E & F

3. School Board member's step son-in-law is employed by the local bank
Determine:

- Is a "step son-in-law" a "Family member"?
- Does the "step son-in-law" have a "Financial Interest"?
- Will the annual transactions exceed $5,000

Answer: IF the step son-in-law has a "Financial Interest" AND the annual transactions will exceed $5,000 - Yes
Review:
A.C.A. §6-24-105. School boards.
Rule 3.18 "Indirectly Interested"
Rule 3.15 "Family" or "Family member"
Rule 3.16 "Financial Interest"
Rule 10.05 $5,000 minimum annual transactions
Forms E & F

4. School Board member is employed by the local bank
Determine:

- Does the school board member have a "Financial Interest" in the bank?
- Will the annual transactions exceed $5,000

Answer: IF the school board member has a "Financial Interest" AND the annual transactions will exceed $5,000 - Yes
Review:
A.C.A. §6-24-105. School boards.
Rule 3.11 "Directly Interested"
Rule 3.18 "Indirectly Interested"
Rule 3.15 "Family" or "Family member"
Rule 3.16 "Financial Interest"
Rule 10.05 $5,000 minimum annual transactions
Forms E & F

5. Employee is a non-paid officer in a construction company
Determine:

- Does the employee have a "Financial Interest" in the construction company?
- Will the annual transactions exceed $5,000

Answer: IF the employee has a "Financial Interest" AND the annual transactions will exceed $5,000 - Yes
Review:
A.C.A. §6-24-107 Employees.
Rule 3.11 "Directly Interested"
Rule 3.16 "Financial Interest"
Rule 12.03 $5,000 minimum annual transactions
Forms E & F

6. Employee's spouse owns a construction company that has won the bid on a $25,000 construction project
Determine:

- Does the employee have a "Direct Interest" as defined by a "Financial Interest" in the construction company?

Answer: Unless the employee is explicitly an owner, the employee does not have a "Direct Interest"- No
Review:
A.C.A. §6-24-107 Employees.
Rule 3.11 "Directly Interested"
Rule 3.16 "Financial Interest"
Forms E & F

7. Employee's child is employed by a local architecture company
Answer: No. The employee must have a direct interest in the transaction
Review:
A.C.A. §6-24-107 Employees.
Rule 3.11 "Directly Interested"

8. A board member is an insurance agent selling insurance to the school employees
Answer: The transactions are between the school board member and the employee. The school district is not involved - No
Review:
A.C.A. §6-24-105. School boards.
Rule 3.11 "Directly Interested"
Rule 3.18 "Indirectly Interested"
Rule 3.15 "Family" or "Family member"
Rule 3.16 "Financial Interest"
Rule 10.05 $5,000 minimum annual transactions
Forms E & F

9. An employee and their spouse own a pizza restaurant
Determine:

- Will the annual transactions exceed $5,000

Answer: Unless the annual transactions will exceed $5,000, - No

Review:
A.C.A. §6-24-107 Employees.
Rule 3.11 "Directly Interested"
Rule 10.05 $5,000 minimum annual transactions
Forms E & F

Miscellaneous Provisions and Penalties
A.C.A. §6-24-107 Employees

- (d) Providing false or incomplete information. Any employee or other person knowingly furnishing false information or knowingly not fully disclosing relevant information necessary for a proper determination by the public educational entity or the commissioner shall be guilty of violating the provisions of this chapter.

6-24-109. Emergency purchases.

- **(a)** The provisions of this chapter do not apply to emergency purchases.
- **(b)** Emergency purchases shall only be used for the preservation of life, health, or public property, and shall not be used to substantially improve the condition of an asset prior to the emergency.
- **(c)** Each public educational entity shall maintain records and copies of all documentation relating to and supporting a determination that transactions qualify as emergency purchases.
- **(d)** Any person using emergency purchases to avoid the intent of this chapter shall be guilty of violating the provisions of this chapter.
- Top of Form

6-24-114. Administrative remedies applicable to administrators and employees.

- **(a) (3)** After presentation of all evidence, if the state board determines that the administrator or employee knowingly violated the provisions of this chapter, the state board may provide any or all of the following administrative remedies:
- **(A)** Issue a letter of reprimand; or
- **(B)** Suspend or revoke the administrator's or teacher's Arkansas teaching license for a definite period, or permanently.
- **(b)** After reasonable notice and opportunity for a hearing, a board of a public educational entity may take appropriate administrative remedies against an administrator or employee that has allegedly violated the provisions of this chapter. If an administrator or employee of a public educational entity is charged by the prosecuting attorney for a possible violation of this chapter, the public educational entity's board may, after reasonable notice and opportunity for a hearing, place the individual charged on leave, with or without pay, dismiss the individual, or provide any other proper administrative remedy. If the individual is dismissed by the board due to charges being filed for an alleged violation of this chapter, any employment contracts with the public educational entity shall be deemed void from the date of the action of the board.

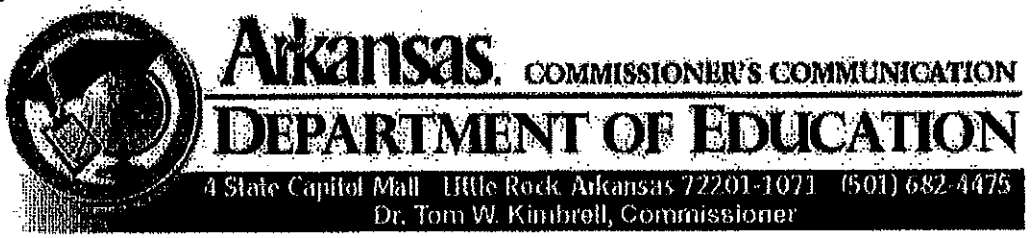
6-24-115. Criminal penalties.

- **(a)** Any board member, administrator, employee, or nonemployee who shall knowingly violate the provisions of this chapter shall be guilty of a felony.
- **(b) (1)** Upon pleading guilty or nolo contendere to or being found guilty of violating this chapter, the court shall order restitution to the public educational entity.
- **(2)** In addition, the court may fine the violator in any sum not to exceed the greater of ten thousand dollars ($10,000) or double the dollar amounts involved in the transactions, sentence the violator to prison for not more than five (5) years, or impose both a fine and imprisonment.

6-24-118. Enforcement.

- **(a)** It shall be the duty and responsibility of the prosecuting attorneys to supervise compliance with this chapter and prosecute persons who violate the chapter.
- **(b)** If the prosecuting attorney fails or refuses to enforce this chapter when the facts are known by the prosecuting attorney, or are called to his or her attention, the Attorney General or any citizen of this state may bring mandamus proceedings to compel the prosecuting attorney to perform his or her duties.
- **(c)** All criminal actions related to alleged violations of this chapter shall be filed in circuit court and shall be subject to the criminal rules and procedures of this state.

Appendix I-1



Memo Number : FIN-09-071 **Date Created :** 04/28/2009

Attention:

Superintendents
Co-op Directors
other: General Business Managers
School Purchasing Officials

Type of Memo: Regulatory

Response Required: No

Section: Fiscal and Administrative Services - William J. Goff, Assistant Commissioner

Subject:
Purchasing and Bidding Requirements for Commodities

Regulatory Authority:
Ark. Code Ann. §§ 6-21-301 and 6-21-304; 7 Code of Federal Regulations 3016.60(b)

Contact Person:
Patricia Martin

Phone Number:
501-682-1114

E-mail:
patricia.martin@arkansas.gov

Ark. Code Ann. § 6-21-301 provides the following definitions:

COMMODITIES - All supplies, goods, materials, equipment, machinery, facilities, personal property, and services, other than personal and professional services, purchased for or on behalf of the school district.

OPEN MARKET PURCHASES - Those purchases of commodities by any purchasing official in which competitive bidding is not required.

PURCHASE - Means and includes not only the outright purchase of a commodity but also the acquisition of commodities under rental-purchase agreements, lease-purchase agreements, or any other type of agreements whereby the school district has an option to buy the commodity and to apply the rental payments on the purchase price thereof.

PURCHASE PRICE - The full sale or bid price of any commodity without any allowance for trade-in.

PURCHASING OFFICIAL - The board of directors of any school district or a lawfully designated agent of the school district with authority to contract or make purchases on behalf of the school district.

Ark. Code Ann. provides that open market purchases of commodities may be made where the purchase price is less than ten thousand dollars ($10,000). However, no purchasing official shall parcel or split any item or items with the intent or purpose to enable the purchase to be made under a less restrictive procedure. In addition, Commissioner's Memo FIN-09-036 dated December 5, 2008, provides further information regarding ethical guidelines related to purchases.

If the estimated purchase price equals or exceeds ten thousand dollars ($10,000), the commodity shall be procured by soliciting bids, provided the purchasing official may reject all bids and may purchase the commodity by negotiating a contract. If the purchasing official, after rejecting all bids, determines that the purchase should be made by negotiation, then each responsible bidder who submitted a bid shall be notified of the determination and shall be given a

reasonable opportunity to negotiate.

The local school board shall have exclusive jurisdiction for the purchase of Types A, B, C, and D school buses. The Department of Education shall have responsibility for drawing up the minimum specifications for all school buses and the local school board may request the State Procurement Director to solicit bids for school buses on its behalf.

The following items may be purchased without soliciting bids:

1. Commodities in instances of an unforeseen and unavoidable emergency. However, no emergency purchase shall be approved by the superintendent unless a statement in writing is attached to the purchase order describing the emergency necessitating the purchase of the commodity without competitive bidding.
2. Commodities available only from the federal government.
3. Utility services, the rates for which are subject to regulation by a state agency or a federal regulatory agency.
4. Used equipment, machinery, and used school buses. A school bus becomes a used school bus two (2) years after the date of issuance of the manufacturer's certificate of origin.
5. Commodities available only from a single source. However, the purchasing official must determine in writing that it is not practicable to use other than the required or designated commodity or service, and a copy of this statement shall be attached to the purchase order.

BIDS (Ark. Code Ann. § 6-21-304)

In soliciting bids for the purchase of a commodity, a school district or a person or organization acting on behalf of a school district, shall not impose qualifications or specifications that unreasonably restrict competition for the purchase of a commodity. "Specifications" means a technical description or other description of the physical or functional characteristics of a commodity. Specifications shall not include the name or identity of any specific vendor. If the purchase will be from the federal child nutrition food service fund, potential bidders cannot have input into the development of specifications and/or advance review of the completed procurement documents. (See FIN-09-069 dated April 17, 2009.)

A school district shall notify in writing all actual or prospective bidders, offerors, or contractors who make a written request to the school district for notification of opportunities to bid. Such notice shall be provided in sufficient time to allow actual or prospective bidders, offerors, or contractors to submit a bid or otherwise appropriate response.

Any competitive bid submitted to a school district or education service cooperative in response to a solicitation for bids for the purchase of a commodity shall be accompanied by a form substantially similar to one of the attachments to this memo. Any person determined to have made a false statement on the submitted form or any bidder who acts contrary to the provisions of the form after its agent has executed the form shall be guilty of a Class C misdemeanor.

Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a school district or educational service cooperative contract may protest to the superintendent of the school district in accordance with procedures established by the board of directors of the school district. Protest procedures shall include, at a minimum, provisions addressing the following:

1. Authority of the superintendent or education service cooperative director to settle and resolve a protest of an aggrieved person concerning the solicitation or award of a contract.
2. Submission of a protest in writing within seven (7) calendar days after the aggrieved person knows or should have known of the facts giving rise to the protest.
3. Reasonable notice to all persons involved and reasonable opportunity for those persons to respond to the protest issues.
4. Issuance of a prompt decision in writing that states the reasons for the action taken which is provided to all interested parties.
5. Impact of a protest on continuing with the solicitation or award of the school district contract pending the resolution of the protest.
6. Award of costs with regard to the successful protests.

A decision on a protest under the above procedures shall be final and conclusive.

Please reference Commissioner's Memo FIN-09-069, Purchasing Cooperatives and Applicable Procurement Regulations for Federal Child Nutrition, dated April 17, 2009, for more detailed information regarding purchases from School Food Service funds.

Bidder Assurances and Disclosure - School District Bid

Name of School District:_____

Bid Description/Number:_____

Bid Opening Date:_____

Assurances:

I, _____ hereby state:

1. I am the duly authorized agent of _____, the bidder submitting the competitive bid which is attached to this statement, for the purpose of certifying the facts pertaining to the existence of collusion among and between bidders and school district officials, as well as facts pertaining to the giving or offering of things of value to school district personnel in return for special consideration in the awarding of any contract pursuant to the bid to which this statement is attached.
2. I am fully aware of the facts and circumstances surrounding the making of the bid to which this statement is attached and have been personally and directly involved in the proceedings leading to the submission of the bid.
3. Neither the bidder nor anyone subject to the bidder's direction or control has been a party:
   a. To any collusion among bidders in restraint of freedom of competition by agreement to bid at a fixed price or to refrain from bidding;
   b. To any collusion with any school district official or employee as to quantity, quality or price in the prospective contract, or as to any other terms of the prospective contract; or
   c. In any discussions between bidders and any school district official concerning exchange of money or other thing of value for special consideration in the awarding of a contract.
4. I hereby guarantee that the specifications outlined in the bid shall be followed as specified and that deviations from the specifications shall occur only as part of a formal change process approved by the Board of Directors of the school district.

Disclosure:

1. Does any school board member or employee of the school district have a financial interest in your business or hold a position as officer, director, trustee, partner, or other top level management?_____ Yes _____No

2. Does any school board member or employee of the school district have a family relationship with anyone employed by your business? _____Yes _____No

(If the answer is yes to either of the above questions, provide details in a separate attachment to this form.)

3. Did you or your company assist the school district or any agent of the school district with the development of the bid specifications? _____Yes _____No

If yes:

a. Were you or your company compensated? _____Yes _____No
b. Is your company's name or identity included anywhere within the specifications? _____Yes _____No
c. Were you offered any preferential treatment in the bid evaluation process? _____Yes _____No

(If the purchase will be from the school district's federal child nutrition food service fund, potential bidders cannot have input into the development of specification. – 7 Code of Federal Regulations 3016.60(b))

_____ _____
Signature Date

_____ _____
Name Title

_____
Company

Subscribed and sworn to before me this _____day of _____, 20_____.

_____
Notary Public

Any person determined to have made a false statement on the form or any bidder who acts contrary to the provisions of the form after its agent has executed the form shall be guilty of a Class C misdemeanor.

Bidder Assurances and Disclosure - Education Service Cooperative Bid

Name of Education Service Cooperative:_____

Bid Description/Number:_____

Bid Opening Date:_____

Assurances:

I, _____ hereby state:

1. I am the duly authorized agent of _____, the bidder submitting the competitive bid which is attached to this statement, for the purpose of certifying the facts pertaining to the existence of collusion among and between bidders and education service cooperative officials, as well as facts pertaining to the giving or offering of things of value to education service cooperative personnel in return for special consideration in the awarding of any contract pursuant to the bid to which this statement is attached.
2. I am fully aware of the facts and circumstances surrounding the making of the bid to which this statement is attached and have been personally and directly involved in the proceedings leading to the submission of the bid.
3. Neither the bidder nor anyone subject to the bidder's direction or control has been a party:
   a. To any collusion among bidders in restraint of freedom of competition by agreement to bid at a fixed price or to refrain from bidding;
   b. To any collusion with any education service cooperative official or employee as to quantity, quality or price in the prospective contract, or as to any other terms of the prospective contract; or
   c. In any discussions between bidders and any education service cooperative official concerning exchange of money or other thing of value for special consideration in the awarding of a contract.
4. I hereby guarantee that the specifications outlined in the bid shall be followed as specified and that deviations from the specifications shall occur only as part of a formal change process approved by the Board of Directors of the education service cooperative.

Disclosure:

1. Does any board member or employee of the education service cooperative have a financial interest in your business or hold a position as officer, director, trustee, partner, or other top level management?_____ Yes _____No

2. Does any board member or employee of the education service cooperative have a family relationship with anyone employed by your business? _____Yes _____No

(If the answer is yes to either of the above questions, provide details in a separate attachment to this form.)

3. Did you or your company assist the education service cooperative or any agent of the education service cooperative with the development of the bid specifications?
   _____Yes _____No

If yes:

a. Were you or your company compensated? _____Yes _____No
b. Is your company's name or identity included anywhere within the specifications?
   _____Yes _____No
c. Were you offered any preferential treatment in the bid evaluation process?
   _____Yes _____No

_____ _____
Signature Date

_____ _____
Name Title

_____
Company

Subscribed and sworn to before me this _____day of _____, 20_____.

_____
Notary Public

Any person determined to have made a false statement on the form or any bidder who acts contrary to the provisions of the form after its agent has executed the form shall be guilty of a Class C misdemeanor.